

John Matthews, Hudson Heights.
Lorenzo B. Shivers, Anglesen.

NEW YORK.

Cora T. Chadeayne, Firthcliffe.
George T. Luce, Hartwick.

PENNSYLVANIA.

John J. Coughlin, Shenandoah.
Ella T. Cronin, Centerville.
Charles V. Johnston, Woolrich.
Michael S. Kerney, Drexel Hill.
C. M. McGinnis, Genesee.
John W. Manning, Elkins Park.

TEXAS.

William D. Lawrence, Bryan.
Charles W. McCoppin, Riviera.
Charles A. Tiner, Lavernia.

VIRGINIA.

Harry B. La Rue, Warm Springs.
Alexander L. Martin, Catawba Sanatorium.
Joel W. Semones, Hillsville.
John N. Walker, Mineral.

WASHINGTON.

I. Wells Littlejohn, Pateros.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, January 31, 1917.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father, who art in Heaven, Creator, Upholder, and Sustainer of all, create within us clean hearts and renew a right spirit within us; that we may pass through the ordeals of this day untouched by the blighting influences of sin, that our work may be acceptable unto Thee. In the name and spirit of the Lord Jesus Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

ABRAHAM LINCOLN'S BIRTHDAY.

Mr. MANN rose.

The SPEAKER. For what purpose does the gentleman from Illinois rise?

Mr. MANN. Mr. Speaker, I rise to ask unanimous consent that on February 12, Lincoln's birthday, my colleague, Mr. CHIPERFIELD, be permitted to address the House for 40 minutes on the subject of Abraham Lincoln.

The SPEAKER. The gentleman from Illinois asks unanimous consent that on the 12th day of February, the same being Abraham Lincoln's birthday, Mr. CHIPERFIELD, of Illinois, may be permitted to address the House for not exceeding 40 minutes on the life and character of Abraham Lincoln—

Mr. MANN. Immediately after the reading of the Journal.

The SPEAKER. Yes; immediately after the reading of the Journal. The Chair will ask the gentleman if that is Wednesday?

Mr. RUSSELL of Missouri. No; that is Monday.

The SPEAKER. Is there objection?

There was no objection.

Mr. KITCHIN. Mr. Speaker, I also want to make a unanimous-consent request that Mr. DILL, of Washington, be given 15 minutes in which to make an address after Mr. CHIPERFIELD on the same subject.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the gentleman from Washington [Mr. DILL] be permitted to make an address not to exceed 15 minutes, immediately following the address of Mr. CHIPERFIELD. Is there objection?

Mr. RUSSELL of Missouri. Mr. Speaker, reserving the right to object, I simply want to request that I may be permitted to read the Lincoln Gettysburg speech first, and then the addresses will follow.

The SPEAKER. The gentleman from Missouri asks unanimous consent that he be permitted on that day, ahead of these two gentlemen who have asked to speak, to read the Gettysburg speech of Abraham Lincoln. Is there objection?

Mr. MANN. That is, preceding the others?

The SPEAKER. Yes. Is there objection?

There was no objection.

Mr. MANN. What became of the request of Mr. KITCHIN?

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS.

Mr. BORLAND. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the subject of public expenditures.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record on the subject of public expenditures. Is there objection?

There was no objection.

MINORITY REPORT ON THE REVENUE BILL (H. REPT. NO. 1366, PT. 2).

Mr. FORDNEY. Mr. Speaker, I neglected yesterday to ask to have printed the minority report as part 2 of the majority report on the present revenue bill. I make that request now.

The SPEAKER. The recollection of the Chair is that the gentleman from North Carolina [Mr. KITCHIN] got that leave yesterday. Is there objection to the request of the gentleman from Michigan presenting the minority views on the revenue bill?

There was no objection.

LEAVE OF ABSENCE.

Mr. ALLEN. Mr. Speaker, I ask unanimous consent that Mr. ASHBROOK be excused for one week on account of illness.

The SPEAKER. The gentleman from Ohio asks unanimous consent that his colleague [Mr. ASHBROOK] be excused from attendance on the House for one week on account of illness. Is there objection?

There was no objection.

EXTENSION OF REMARKS.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. HILL] be privileged to extend his remarks in the Record by printing a report on the chemical industries of the United States and their relation to national preparedness.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent that the gentleman from Connecticut [Mr. HILL] be permitted to extend his remarks. Is there objection?

There was no objection.

Mr. CANDLER of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing a statement showing the imports and exports of the United States and the amount of gold coming in and going out of the country.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to extend his remarks in the Record on the subject of the imports and exports of the United States and the gold going out and coming into the United States. Is there objection?

Mr. MANN. Reserving the right to object, Mr. Speaker, does the gentleman want to print under that the full report—

Mr. CANDLER of Mississippi. No, sir—

Mr. MANN. Printed semimonthly or monthly?

Mr. CANDLER of Mississippi. No; just a short statement; very short.

The SPEAKER. Is there objection?

There was no objection.

Following is the statement referred to:

LEADS WORLD IN TRADE—UNITED STATES NOW FIRST, BOTH AS BUYER AND SELLER—NEARLY \$8,000,000,000 THE TOTAL FOR 1916, OR ABOUT \$2,000,000,000 AHEAD OF 1915.

The United States has taken the lead as the world's greatest buyer and seller, final statistics of last year's foreign commerce announced yesterday by the Department of Commerce showing the new world trade record as \$7,873,000,000. December's exports amounted to \$521,000,000, the largest month on record. Indications are that 1917 might even surpass the enormous foreign business of last year.

Exports amounted to \$5,481,000,000 and imports aggregated \$2,392,000,000. Exports showed a gain of \$1,926,000,000 over 1915 and imports increased \$613,000,000.

The balance of trade was \$3,089,000,000 in favor of the United States, compared with \$1,776,000,000 in 1915.

The net inward gold movement was \$530,000,000, another record, comparing with \$421,000,000 in 1915. The gold imports amounted to \$686,000,000, compared with \$415,000,000 in 1915. The gold exports were \$156,000,000, compared with \$31,000,000 in 1915 and \$223,000,000 in 1914.

The December gold exports were \$158,000,000, a very high new record, the exports being \$28,000,000.

REVENUE BILL.

Mr. KITCHIN. Mr. Speaker, I move that the House do now resolve itself into Committee of the Whole House on the state of the Union for the further consideration of House bill 20573, the revenue bill.

The SPEAKER. The gentleman from North Carolina moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 20573. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Kentucky [Mr. SHERLEY] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 20573, the revenue bill.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 20573. The Clerk will report it by title.

The Clerk read as follows:

A bill (H. R. 20573) to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes.

Mr. FORDNEY. Mr. Chairman, I want to make a statement this morning to correct a statement that I made yesterday. When questioned by the gentleman from Illinois [Mr. Wm. ELZA WILLIAMS], I stated that the amount of revenue that would have been collected under the Payne rate, if we had had the same amount of imports during the life of the Underwood tariff law thus far, would be about \$600,000,000. It would not be that amount. I have the exact figures. It would be \$506,000,000. But it must be remembered that under the Underwood law the Payne rates of duty were collected on wool for two months, on woolen goods for three months, and on sugar for five months. Taking those items from the amount collected under the Underwood tariff law, it would make in round numbers \$520,000,000 more than has been collected.

Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. MOORE]. [Applause on the Republican side.]

Mr. MOORE of Pennsylvania. Mr. Chairman, I suffer a great embarrassment this morning in undertaking to address the House upon this very important and extraordinary revenue measure. I came into the House yesterday morning to learn what it was all about, having, as a member of the minority of the committee, not much opportunity to ascertain the views of the majority with respect to the real purposes of the bill. In common with my fellow members of the minority I relied upon the chairman of the committee to explain fully what the bill meant and the necessity for it. The chairman of the committee made a remarkable speech. It was the finest piece of oral pirouetting we have seen on the floor of this House for at least a decade, and it was attuned to a situation that was mournful enough, in view of the fact that the gentleman from North Carolina admitted in the course of his remarks that in all things he was not in harmony with the great leader of his party. It seemed to me that if, as a member of the minority, I could gather information from that speech, it would be valuable in any attempt this morning to answer; but I have looked in the CONGRESSIONAL RECORD for that speech in vain. The only reference to it is a two-line notice which says:

Mr. KITCHIN addressed the committee. His remarks will appear hereafter.

I fell back upon my other distinguished fellow member of the majority of the Ways and Means Committee, the gentleman from Illinois [Mr. RAINY], hoping to obtain some inspiration or some material from him that might qualify me, as a member of the minority, properly to size up this situation and vote for the bill if he could convince me that the bill was right. The gentleman from Illinois [Mr. RAINY] was very deliberate in presenting his array of facts and figures, but they were so numerous that, failing to take notes of them, I fell back again upon the custom of some of us in this House, of looking up the speech in the RECORD this morning in order that I might investigate the facts, and if I found them accurate, vote intelligently for or against this measure. But, lo and behold, on examining the RECORD this morning I find the situation as to Mr. RAINY very much as it is with respect to the leader of the majority, the gentleman from North Carolina. The RECORD simply indicates that—

Mr. RAINY addressed the committee. His remarks will appear hereafter.

Now, having no real information as to the necessity for the introduction of a bill that proposes to levy more than \$400,000,000 additional taxes upon the people of the United States, just \$4 a head for every man, woman, and child in the land, I had hoped we might have these explanations and speeches in the RECORD this morning, but they are not there.

Mr. DICKINSON. Does not the RECORD also show that the speeches of the gentleman from Michigan [Mr. FORDNEY] and the gentleman from Nebraska [Mr. SLOAN], both members of the Ways and Means Committee, are withheld?

Mr. MOORE of Pennsylvania. That is true, but I was familiar with those speeches. [Laughter.] I understand the policy of this side of the House, but I could not understand the gyrations and variations of belief as they were put to us yesterday by the gentlemen on the other side.

Mr. SLOAN. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I will.

Mr. SLOAN. May we not be excused for following the fashion so well set by the two leaders on the Democratic side?

Mr. MOORE of Pennsylvania. Yes, surely; but I think it would be very difficult to follow them when their speeches were mostly motion, and when the motion does not appear in the RECORD. I think we can safely say to our distinguished friend from North Carolina [Mr. KITCHIN] that his speech does not appear because he had no particular desire to have it appear just now. We did not get his bill in time to go over it very carefully, and his speech was our sole reliance before we vote this afternoon. Hence it would be highly inexpedient, from the viewpoint of the majority, to have their views thoroughly understood by the minority before the time for voting comes.

We will have no chance to-day, my brethren, to go over the facts, figures, and arguments as they were presented by the distinguished gentlemen who were the heavy spokesmen for this revenue legislation.

Perhaps my friend from North Carolina has no particular heart in this business. Perhaps he has no desire to tax the people of this land. In his brilliant word picture of yesterday the gentleman referred to the "avarice of a few," to grinding corporations, and so forth; not forgetting "the poor working girls" for whom he pleaded, but I question whether he was altogether in earnest about it. He was following the beaten Democratic path and doing the best he could to support a President and a policy with which he does not at heart agree. In this he is like many other of our Democratic friends.

When they were berating the industries of this country in 1911, they had no notion that they would ever be up against a situation such as this. They believed, because they had been convincing themselves for 16 years, that if they could overthrow the Republican protective tariff system and get the offices, they would be able to take care of the exchequer of the Nation. They had no thought that their losses would ever exceed the \$100,000,000 that they conceded would be lost on the tariff. They believed they could make that up by an income tax. In all this they find they have failed. They found that the income tax which was to make good the \$100,000,000 loss of customs revenue was utterly inadequate, and so they had to increase it.

But my sympathy goes out to the gentleman from North Carolina, whose speech we heard yesterday but which we do not find in the RECORD this morning. He has been the most unfortunate of all the floor leaders of this House within the knowledge of any sitting Member. He has occupied a position more trying than that of any one of his Democratic predecessors, from CHAMP CLARK down. He has become what he least expected he would become—the great deficiency leader of the Congress of the United States. [Applause on the Republican side.] He has brought in no bill here of consequence that has not had linked with it the question, "Where shall we find the money?" His whole position, unhappy in the extreme, has been like unto that of the general who never won a victory, whose report to the commander in chief constantly read, "I regret to say." There has been no hope for the gentleman from North Carolina. He has differed with his President. He has differed with his party policy, but still he has been obliged, in order that the wild horses upon the other side might be held together, to come in and say, "You, the people of the United States, trusted us, but I regret to say we have got to tax you just a little more." First, it was the \$100,000,000 that were taken away from the customs and put directly upon the backs of the people. Then it was another \$100,000,000, because the first \$100,000,000 was not sufficient, and that second \$100,000,000 involved the imposition not only of an income tax upon a few of the people but it involved a direct tax upon all the people in the form of stamp duties levied upon the consumers of the land. Then came a complete reversal of policy, in which the gentleman from North Carolina had no heart; he had to go back on the Democratic attitude upon the sugar tariff. It was a complete reversal of front, and at the instance of the President of the United States. The gentleman was obliged to bring in a sugar-tariff law, and he did it in the old familiar way: "I regret to say it, but we have not enough money under an income tax twice imposed, with a stamp tax included. I regret to say that we still have not the money to make good our promises, and we will have to revoke, repeal, and go back upon our time-honored policy. We do not believe in a tariff on sugar, but, dear people, we are obliged to tax it to avoid a deficiency."

Oh, the gentleman from North Carolina yesterday spoke of the "avarice" of the men of industry, the men who toil, the men who have produced something in this land. It sounded like the old times prior to 1912. In his final appeal to the cohorts on the other side, he begged them to stand together as a man, lest the

Republican avalanche, favoring a protective-tariff system, should sweep over this body once again. I want you to remember his peroration, for with fervid eloquence, almost breathless, appealing to his side, he said in substance: "Be on your guard, Democrats, lest these Republicans again come into power and adopt a protective-tariff system." The gentleman remembers the Democratic platform at St. Louis last year, and, believing in a free-trade policy, is on his guard against the tariff-commission wedge now incorporated in the platform along with the Underwood tariff law.

He complained also of "compensatory duties," which he held to be anathema, and yet the gentleman from North Carolina, when it came to the Virginia peanut in the Underwood tariff law, stood by the peanut. I commend him for it. He was in favor of the peanut grown in Virginia and North Carolina because the Japanese peanut, coming thousands of miles over the sea and 2,000 miles over land, could be sold in Chicago cheaper than the Virginia peanut could be sold there. The gentleman stood for a tariff on citrus fruits. That was all right, because citrus fruits grow down in Florida, and they want them protected against foreign competition.

When it came to the Angora goat of Texas, oh, how the gentleman stood for compensatory duties! I have the Underwood tariff law in my hand, and I read from page 34, section 305. Listen, all ye free-trade Democrats, who do not believe in compensatory duties, listen and see whether or not when the Angora goat is gored you stand up to your party principles for one single minute:

Hair of the Angora goat, alpaca, and other like animals, and all hair on the skin of such animals, 15 per cent ad valorem.

They raise Angora goats in Texas. Do you get onto that, my sheep-growing friends in the cooler climate? But listen when you complain of compensatory duties:

Tops, made from the hair of the Angora goat, alpaca, and other like animals, 20 per cent ad valorem.

That is compensatory—

Yarn, made of the hair of the Angora goat, alpaca, and other like animals, 25 per cent ad valorem.

Cloth and all manufactures of every description made by any process, wholly or in chief value of the hair of the Angora goat, alpaca, and other like animals, not specially provided for in this section, 40 per cent ad valorem.

Observe how they piled it up. There must be labor to be protected down in Texas when it comes to the hair of the Angora goat. But we do not stop there:

Plushes, velvets, and all other pile fabrics, cut or uncut, woven or knit, whether or not the pile covers the entire surface, made wholly or partly of the hair of the Angora goat, alpaca, or other animal, and articles made wholly or in chief value of such plushes, velvets, or pile fabrics, 45 per cent ad valorem.

A total of 145 per cent on the dear little Angora goat of Texas! But the gentleman complains about "compensatory duties" when we try to protect the sheep of the United States and the industries engaged in fabricating the wool.

My friend speaks of the Underwood tariff law as a beneficent law. We will not go into lengthy details, for I have not the time, but take the single item of condensed milk, which Europe is crying for now—condensed milk for women and babies and of war-stricken Europe—and let us see how they treat condensed milk. We make a great deal of that in the Northern States. It is on the Underwood free list; manufactured abroad, it is brought into the United States free. How does the American manufacturer and producer of condensed milk stand in competition with that freely admitted condensed milk from foreign countries? He must pay a duty on the sugar that goes into the condensed milk. That is a Democratic sugar duty? He must pay a duty on the tin that goes into the cans that contain the condensed milk, and he must pay a duty on the label that is wrapped around the condensed milk. And yet Democrats like the gentleman from North Carolina contend that we can manufacture condensed milk, pay the duties on the raw material, and compete with the article that comes in free.

Mr. GORDON. Will the gentleman yield?

Mr. MOORE of Pennsylvania. No; I can not yield, for I have not the time.

Now, take the article of haircloth. We have a duty in the Underwood bill on haircloth of 15 per cent on the finished cloth. The American manufacturer, who buys the raw material, must pay 25 per cent on the yarn that he brings here to manufacture into haircloth; 25 per cent against the raw material and 15 per cent against the finished product. Think of it.

My friend from Illinois [Mr. RAINY] who would not stand for an interruption as to his tariff data, and we can not contradict him now because his speech does not appear in the RECORD this morning, stated that the Payne law contained duties higher on the average than the Dingley law; at least I so

understood him. We tried to circumvent that statement yesterday; we tried to get it into his remarks that he was wrong; but the gentleman would not yield. I want to say now that the commercial statistics issued by the Democratic Secretary of Commerce will give the gentleman from Illinois the correct information, which is that the average ad valorem duties paid under the Dingley law were 23.88 per cent and under the Payne law the average ad valorem duties were 18.54 per cent. So the Payne law duties were much lower—were 5 per cent ad valorem lower, in fact—than the duties in the Dingley law.

Mr. Chairman, the gentleman proposes to tax people 8 per cent on all profits above 8 per cent and a net profit of \$5,000 a year, and he states frankly to the House that this is to be borne by a certain class of people. In a colloquy on the day before his speech of yesterday the gentleman from North Carolina [Mr. KITCHIN]—and I give him credit for his statement—denied that he had said, as was published, that nearly all of this burden was to be levied upon the people who lived north of Mason and Dixon's line. I say the gentleman denied he made that statement, and yet in the RECORD it appears that he admitted that these taxes were to be levied almost entirely upon the people in the North. I am not trying to raise any sectional question, but go to your records—I have not the time now—and make a comparison of the taxes paid by four great Northern States—New York, Pennsylvania, Massachusetts, and Illinois—and compare them with the entire taxes, and you will observe that four States in this Union pay the bulk of all of the income and special corporation taxes that this body has levied upon them.

Mr. KITCHIN. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. KITCHIN. Some one has informed me—I had my attention distracted for the moment—that the gentleman has just made the statement that I said that these taxes would be paid north of Mason and Dixon line.

Mr. MOORE of Pennsylvania. I said that the gentleman denied that he used the words "Mason and Dixon line," but admitted in the RECORD that most of these taxes were to go upon northern industries.

Mr. KITCHIN. I did not say that. I said most of the taxes would be collected probably in the Northern States, and nine-tenths of the appropriations for which these taxes are levied would go to the Northern States, States like the gentleman's—Pennsylvania, Massachusetts, and New York. I said I made no complaint about that, because it was natural; they had the better facilities for building ships and making munitions. I would like to have that explanation go into the RECORD.

Mr. MOORE of Pennsylvania. The gentleman made substantially that statement about the shipbuilding in Pennsylvania on Monday, but on Saturday the gentleman did say that most of these taxes were to be imposed upon the North. I think the gentleman said, but it appears in the RECORD of Saturday, I think, in a controversy with the gentleman from North Dakota [Mr. NORTON], that most of these taxes—90 per cent of them—were to be levied upon the North.

Mr. KITCHIN. I never said anything of the kind.

Mr. GARDNER. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. GARDNER. It is true, whether he said it or not, is it not?

Mr. MOORE of Pennsylvania. Yes; it is true.

Mr. GARDNER. Then what is the use of arguing about it?

Mr. MOORE of Pennsylvania. The only point is, that the gentleman from North Carolina avoids the use of the words "Mason and Dixon line."

Mr. KITCHIN. No; I never said the taxes would come from the North; I said the appropriations would go there, and I say it now, and they should go there—you have the facilities for building ships and manufacturing munitions. I said, for instance, take the Fore River Shipbuilding Co., in the city of Boston. That will get more of these appropriations for which this tax is levied than the entire South and 15 Western States. I am not complaining about it.

Mr. MOORE of Pennsylvania. I say to the gentleman now, quoting from the speech made by the gentleman from Illinois [Mr. MANN] at the last session of Congress, speaking of the former year, that last year Illinois paid of the corporation tax \$5,579,551; New York, \$14,941,893; Pennsylvania, \$6,792,030. The three States of New York, Pennsylvania, and Illinois paid \$27,313,474, while the 48 States and Territories of the United States paid \$56,000,000. Of the income tax Illinois paid in that year, in round figures, \$5,000,000; New York, \$30,000,000; Pennsylvania, \$6,000,000. These three States paid \$41,000,000 of

the individual income tax of \$67,000,000. So the statement is true that these Northern States will pay the bulk of this tax.

As to the income tax, only 330,000 people pay directly. That is about one-third of 1 per cent of our population.

Now, I wish to clear up this matter for the gentleman from North Carolina [Mr. KITCHIN], because I would do him no injustice and have no thought of raising a sectional question; but in the debate on Saturday, January 27, 1917, as will be found on page 2130 of the Record, I find the following colloquy:

Mr. NORTON. Will the gentleman yield? Where does the gentleman think the tax will fall—south of Mason and Dixon's line?

Mr. KITCHIN. I think most, or the greater part, will be levied north of Mason and Dixon's line. All these fellows who live in States that will pay a large part of this tax can get rid of the location argument by removing down to my town of Scotland Neck and pay the tax from there.

Mr. KITCHIN. They can.

Mr. MOORE of Pennsylvania. The gentleman did say what I said he said, that this tax would be levied upon the Northern States; and the only alternative the gentleman has is that we shall raze our industries, that we shall stop the wheels of progress, that we shall say to the men of capital, "Cut down your enterprises"; that we shall say to the man who wants to double his plant, "Do not do it, but move to Scotland Neck; there you can live in comfort and peace." But, Mr. Chairman, I feel there is a spirit of progress in this country that will not consent to forever bask in the sunshine of the beautiful, the sylvan environment of Scotland Neck.

Mr. Chairman, the gentleman seems to think he is imposing this tax upon the rich. That statement has been made time and again; it is the argument of the proletariat—"levy these deficiency taxes against the rich; do not let the rich escape." I am going to ask the gentleman from North Carolina, and I wish I had three or four minutes more in which to do it, whether he thinks the poor will not participate in this 8 per cent tax? I ask him whether the poor did not participate in the payment of the income tax, whether the widow who had been left a little estate by her husband and who had given some of it to charity was not obliged to withdraw her charitable contributions because of the payment of this income tax? I want to ask whether there is a single Member upon the Democratic side of the House who has not silently and involuntarily protested against the deduction from his salary of the 1 per cent, followed by the 2 per cent tax imposed upon him by this kind of revenue legislation? I want to know if they have not inwardly protested against the payment of this tax?

But that is a small matter. I have here before me a statement regarding certain investments made in various parts of the United States—savings funds, the savings of men, women, and children who deposit \$300 a year and not more. They are the domestics, they are the workmen, they are the people in the mills, they are the thrifty women who are laying by the cigar money of their husbands. One of these savings institutions has \$150,000,000 on deposit.

I want to ask the gentleman from North Carolina whether he knows that this \$150,000,000 of poor men's savings is invested in railroad enterprises, in municipal improvements, in every State of this Union where loans and mortgages are supposed to be safe? The gentleman should be informed that his 8 per cent tax will not be levied on the railroads, corporations, partnerships, and otherwise, so much as it will be upon the savings invested in them. The poor as well as the rich will have to pay in order to meet the deficiency which has been brought about by this Democratic administration. Ask where the money of these poor people has gone? To the Beech Creek Extension Co., to the Chicago & Erie Railroad Co., to the Winston-Salem Southbound Railroad, to the Pennsylvania Steel Co., to a thousand and one others; and that brings me to another point. Do you really think you are confining your 8 per cent tax to the rich? Do you consider that you are taking it from the poor men who share in the profits of their employers? From the United States Steel Corporation down, many workmen are now owners of the stocks and bonds of the companies by which they are employed. These are the men who are going to pay your tax. I have not the time to deal further with the speech of the gentleman from North Carolina; I can only regret it has not been published. The people should have a chance to read that speech. Had they done so they would probably have said something that Congress would have listened to.

Even with such meager newspaper reports as have gone out about this new and unfair tax there has been a rising protest. The mail this morning and the telegraph wires are bearing the information from home, from the men who are to be affected, from the business men who are beginning to understand what this tax means. They want to be heard—

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. If that speech had been duly acclaimed even Scotland Neck would know what this revenue bill means; that it bears upon the poor as well as the rich. Oh, if the great business world had been informed before this vote there would have been such an avalanche of protests to this House that even the Democratic Party could not resist them. [Applause on the Republican side.]

The CHAIRMAN. Does the gentleman from North Carolina desire recognition?

Mr. FORDNEY. Mr. Chairman, I yield half a minute to the gentleman from Massachusetts [Mr. GILLETT] to make a statement.

Mr. GILLETT. Mr. Chairman, I wish to print under the rule an argument by the Massachusetts Mutual Life Insurance Co., of Springfield, Mass., protesting against this bill as applying to mutual life insurance companies.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. KITCHIN. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. DICKINSON]. [Applause.]

Mr. DICKINSON. Mr. Chairman, the Committee on Ways and Means, of which I am a member, has presented to the House the pending revenue bill. This revenue legislation is deemed necessary because of the need of funds to help meet the extraordinary large appropriations for the Military and Naval Establishments and fortifications.

I have received numerous telegrams and letters from various sections of the country, none so far from the district which I have the honor to represent, protesting against this proposed revenue measure, levying taxes upon excess profits, on the ground that it is confiscatory and unjust to certain business interests that will be subject to the payment of these taxes.

Under "Title II, excess-profits tax" there is placed a tax of 8 per cent on the net profits of corporations, joint-stock companies or associations, insurance companies, and partnerships, which are in excess of \$5,000 and in excess of an amount equivalent to 8 per cent of the actual capital investment. That is, before the tax attaches there is a flat deduction of \$5,000 from the total net profits and a further deduction of 8 per cent on the actual capital investment. I am satisfied that upon a fair and full investigation of the provisions of the bill it will not appear as harsh as on first impression to those who fear that they will be unduly burdened by the provisions thereof.

The same kind of arguments and objections were made against the enactment of the income tax. The people of the United States favored the income tax, and they amended the Constitution of the United States and compelled action by Congress to the end that those having large incomes should bear a fair share of the burdens of Government.

All taxes are confiscatory. It is an appropriation by the Federal Government, State, county, and other municipal governments, of sufficient taxes from the earnings of individuals, corporations, and associations to bear the expenses of government, which is necessary and exists wherever there is civilization and government, and no good citizen should object to contributing his fair share as a contribution exacted for the purposes needed to keep up the many affairs of government, which throws its protecting arm around the life and property of every citizen and business in the country. Nobody wants to pay taxes, and everybody wants to shift the burden onto others.

In these abnormal times, resulting from war conditions that affect the entire business world and which has put in fear the civilization of every country, enormous war profits are being made principally by large concerns doing enormous business. These concerns should pay a large share of these excess profit taxes. When these war conditions shall pass away and war profits shall cease and profits generally become more normal, then the amounts to be paid by many business concerns will lessen and in some instances disappear, and possibly the necessity for the levy and collection of such taxes upon excess profits may no longer exist. In any event, when such excess profits disappear the taxes will not be collected.

I know that the business world was more or less startled by the first impression of this proposed measure as given out by the press, and surface impressions were had regarding its effect and burden which ought to disappear upon a fair study and consideration of this revenue measure.

Let us illustrate the application of this measure as applied, say, to a corporation of \$100,000 capital which yields an annual net profit of \$20,000, after deducting all expenses of every character, payments for material and labor, rents, salaries, taxes, and so forth. Fortunate, indeed, is the concern of that amount of capital that earns \$20,000 net profits after deducting all these expenses that come out before you have a net profit. Prices are too large, the exactions for the price of their productions are

too great, that enable a concern to obtain so large net profits. But let us see how much that corporation would have to pay under this measure.

After deducting expenses of every kind and character, then deduct a flat exemption of \$5,000, which leaves \$15,000; then deduct 8 per cent of the \$100,000, actual capital invested, and it leaves \$7,000 upon which to levy the 8 per cent tax proposed in this revenue bill—8 per cent of the remaining \$7,000 would be \$560, or 8 per cent of the excess profits after all deductions, the tax to be paid under this measure, leaving 92 per cent of excess profits, to be added to the other deductions as exemptions, to be retained by the corporations or partnership.

Suppose that the net profits were \$15,000. Make the first deduction of \$5,000 and then 8 per cent of the \$100,000, being \$8,000, and it would leave just \$2,000 upon which to levy the 8 per cent tax, or just \$160 to be paid.

Suppose that the \$100,000 capital stock, capital actually invested, earns only \$10,000 net profits, and that is a magnificent return, after paying all expenses of every kind and character. Deduct now the \$5,000 from the \$10,000 profits, and then deduct the 8 per cent of the \$100,000 capital stock, which would in this case mean a deduction of \$13,000, as in the other illustrations, and there would be nothing left upon which to levy this 8 per cent tax.

Would not this concern, which gets only \$10,000 net profits and pays no tax, be glad to have \$15,000 instead of \$10,000 annual net profits, out of which to pay \$160 tax? Would it not be more than glad to have \$20,000 annual profits out of which to pay \$560 tax?

Greedy and avaricious, indeed, is the concern exacting such enormous contributions from the general public by the sale of its high-priced productions and which then cries aloud against the confiscation of a reasonable amount to pay the enormous burdens of government; that seeks under extraordinary conditions to make preparations for the protection of those who get by reason of these conditions enormous profits.

I am satisfied that the people of this country will approve this just measure, which takes a reasonable contribution from the enormous profits to meet the expenses of extraordinary conditions. When these war clouds shall pass and peace shall come to all the world and normal conditions shall result, as hoped for by the masses in every country, then the necessity for this legislation with changed conditions may no longer exist.

Here in these abnormal times, with conditions causing enormous appropriations, voted for by the Republican minority with singular unanimity whenever an appropriation bill is presented for the purpose of meeting preparedness and for amendments seeking to further enlarge the appropriations when revenue measures are proposed by the Democratic majority to raise the moneys to meet these increased appropriations, made possible by their votes, they cry out against the reasonable methods proposed to meet these expenditures, and they hark back to the high-protective tariff system that would shift the burden upon the consuming public and proclaim to Congress and to the country that the Payne-Aldrich tariff law would meet the situation and should be reenacted to meet these conditions, when they know that it is impossible for a period of four years at least to reenact the Payne-Aldrich tariff law or any similar measure. In what an anomalous position are they before the country when they vote for large appropriations. Day before yesterday, when the fortifications appropriation bill was up for passage, with increases far above former fortifications bills by many millions, there were 64 votes cast against the bill, of whom there were only half a dozen Republicans. Would it not be far more consistent if, by their opposition they are enabled to defeat revenue measures necessary to supply the money to meet the increased appropriations, they would vote against those increased appropriations and then avoid the necessity for new revenue measures and cease crying out against the extravagance of the Democratic Party when the increases are caused by their votes?

They continuously vote for more battleships, more fortifications, larger armies, and larger navies, and then proclaim to the world that those who reap the benefits shall be relieved of taxation; that those who get the greatest benefits from the Government, which throws its protecting arm about them and their property, shall pay nothing.

Why do you cry out against Democratic extravagance when you seek to make the appropriations larger than the Democratic majority is willing to go? Why do you urge increases upon every appropriation bill against the opposition of the Democratic majority? Why do you hark back to the Payne-Aldrich tariff measure when you know that the highest amount paid by it was \$333,000,000? How far would that go in payment of annual appropriations of one and a half billion dollars, or nearly five

times as much as the revenue obtainable under such measure? Would you reject this revenue bill and then levy a tax upon coffee and tea and wool and an increased amount upon sugar—these things which go into the daily life of the consuming public? Would you make the burdens of living harder still under abnormal conditions in order to save a reasonable tax being levied upon enormous profits?

The Payne-Aldrich bill is dead for all time. The people of this country will not go back to the high protective-tariff system. They will not reverse the verdict of the American people that sent to a tremendous defeat the party and the administration that thrust upon the country the Payne-Aldrich tariff measure, the provisions of which are well known to all the country. We have declared that a large part of the expenses of Government shall be paid by the levying of taxes internal and taxes upon large incomes, and I believe the more people become familiar with the provisions of this measure the more they will conclude that it is an absolutely just measure. The most of the people, regardless of which party they belong to, believe that the excess war profits and the abnormal profits that come from abnormal conditions, which conditions bring about the necessity for enormous appropriations, should bear these added burdens and that those who reap the benefits of those conditions ought to help pay for those added expenditures.

It is no argument to say that it falls more largely upon one section than upon another. It has been well said that the added appropriations will go to, and those expenditures will be made in, those sections, wherever located, that are able to manufacture these munitions of war and great armaments; and it matters little to the people whether they are located in one section or another. Every section of this country would be glad to have the wealth in their section, and would be glad to pay the small, reasonable tax. It has been said that it will fall upon small concerns. I do not believe it. Large concerns are making large war profits from the manufacture of munitions for war and large concerns are providing war materials.

There will not be, in my judgment, a serious protest against this measure when it is thoroughly understood. When conditions like now shall pass away, when excessive war profits shall cease, when abnormal profits shall be a thing of the past, then this revenue measure will yield far less. If profits and prices become reasonable, the law may stand, but the necessity for it, in a measure, will have passed.

I favor this measure now. If excessive profits continue in peace times, it should continue to be the law. The existence of the law will doubtless be helpful and tend to repress excessive profits from goods sold to the consuming public and thus at the same time tend to reduce the high cost of living. But I repeat that, regardless of party, the masses of the country, struggling now because of high prices, prefer and will approve and will stand for and demand that those who reap immense profits, whether partnerships or corporations or individuals, shall help to bear a fairer share of the burdens of government than heretofore. Wherever there are governments and wherever civilization exists, expenses of government do exist and taxes will have to be levied. The only equitable system of taxation is that which is similar to the taxation levied in States, where they pay in proportion to what they have. And if a system that seeks to make the toiling millions pay, and great wealth does not pay its fair share of the burdens of government, it is wrong.

Mr. MEEKER. Will the gentleman yield for a question?

Mr. DICKINSON. Yes.

Mr. MEEKER. What is the justice, as conceived by the gentleman from Missouri, in exempting agricultural partnerships and settling this on industrial partnerships instead?

Mr. DICKINSON. I do not think I could answer any better than by calling attention to the question asked on yesterday of the majority leader and the answer made by him. If the gentleman was present, he heard it. It was made at considerable length.

A MEMBER. It is in the RECORD.

Mr. FORDNEY. No; it is not.

Mr. MEEKER. It is not in the RECORD.

Mr. DICKINSON. And, besides, we are following, I understand, the example of the great and old countries of the world, where agriculture is exempted. From my viewpoint I think it ought to be exempted. It can not be as readily determined or collected. They, however, are not exempted under the income-tax law. Individuals are not levied upon under this proposed law. They are exempted from the provisions of this, except so far as they enter into and are interested in partnerships and in corporations; and the greater the number of individuals who enter into those partnerships and corporations the amount paid will be divided among them and will be appreciably small.

Mr. MEEKER. Just a word. I asked the question as to the gentleman's conception of the justice of the thing. Suppose Tom Smith and Bill Jones are running a store in a partnership and their income is over \$5,000. Sam White and Bill Smith are operating a farm at the edge of the town and their income is \$15,000. The storekeepers pay under this partnership, and those farmers out there, who could buy these fellows times over, are exempt.

Mr. DICKINSON. Do you think you could get at the income very easily and readily by seeking to levy it upon the agricultural interests? Proceeding further, it would be difficult of administration if applied to the agricultural interests, and difficult to determine their net incomes. Their capital in a large measure is their land, of no fixed value, their expenses heavy, and fortunate indeed is the farmer who is able to realize 8 per cent on his capital invested. Take out all the exemptions permitted under this law, and not one farmer in a thousand would have such a net income as is permitted under this law before he would be liable to taxation.

The farmer is the producer of the necessities of life, and the life of the Nation is dependent upon his labor and activities and the food products of the farm.

Partnerships or corporations having only \$5,000 incomes pay nothing. Five thousand dollars is deducted from their net incomes, after all prior deductions for expenses, and then 8 per cent of the capital is further deducted from the net income before there is any levy of the 8 per cent on the balance, leaving 92 per cent of the balance for the business concerns. It means only a taking of about 1 per cent of the net profits of a business concern with a capital of \$100,000 and a net income of \$15,000, and no tax collected if the net income is much below that on such amount of capital.

This bill seeks to collect only from those having excessive profits, and those who reap large war profits in times of distress should help to bear the burdens of Government, increased by reason of the very conditions that add to the wealth of those who flourish and fatten on the misfortunes of the country.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. BELL having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed with amendments the bill (H. R. 18453) making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1918, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed joint resolution of the following title, in which the concurrence of the House of Representatives was requested:

S. J. Res. 203. Joint resolution to provide for the maintenance of public order and the protection of life and property in connection with the presidential inaugural ceremonies in 1917.

THE REVENUE BILL.

The committee resumed its session.

Mr. FORDNEY. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. MADDEN]. [Applause.]

Mr. MADDEN. Mr. Chairman, I can not allow this further burden to be placed upon the backs of an already overburdened people without a word of protest.

I see the gentleman from Ohio [Mr. GORDON] laughing. He does not pay any of the tax. He can afford to laugh. [Laughter.]

You were given power on the promise that you would conduct the Government economically; but from the first day you took over the Government you entered upon a system of extravagance the like of which has never been known. When you were appealing for power you complained of the extravagance of the Republican Party, of how it had increased the cost of living. You cried aloud for a chance to show how you could prevent extravagance and reduce the cost of living. You have done neither. The expenditures under your management have more than doubled and the living cost has gone up more than 50 per cent.

You have imposed taxes upon every form of business activity, until to-day the people are crying aloud for relief. During the 16 years of Republican management of the Nation the Government was run on an economical business basis. No excessive burdens of taxation were levied upon the people. Business was looked upon as a legitimate part of American life.

But how all this has changed since you came into power! You complained of the large appropriations made by the Republicans when they were in power, but you will recall that the largest appropriation ever made by them for a single year was \$1,026,682,881.72, while your appropriations for the current

fiscal year, including contracts and authorizations, amounted to \$1,947,259,048.64. You will recall that during Republican control the American Navy was maintained at second place among the navies of the world and that the Panama Canal was built out of the ordinary revenues of the Government. You can not have forgotten that when you took over the Government you found \$130,000,000 in the Treasury, over and above every outstanding current obligation. Your memory must be clear as to how you allowed the Navy to drop to fourth place, while your expenditures in other directions emptied the Treasury and forced upon the country new and abnormal systems of taxation, under the weight of which the people are groaning to-day.

But you are not satisfied with the load you have already placed upon the people's back, and hence you are here again, for the fourth time in the four years of your power, to propose still more novel means of extracting money from the pockets of the people in order that you may continue to practice your extravagant habits.

What is it that you now propose? What are the expenditures for the fiscal year 1918 to be? It is asserted in the report of the Democratic members of the Committee on Ways and Means—

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. In just a moment. It is asserted that the revenues from sources of taxation previously provided will be \$1,001,750,000. Add to this the \$325,000,000 from postal receipts and we have \$1,326,750,000. This bill proposes the issue of \$340,000,000 of bonds and \$300,000,000 in certificates of indebtedness. It proposes to raise \$248,000,000 by a tax of 8 per cent on the profits of all business corporations, copartnerships, joint-stock companies, and insurance companies over 8 per cent and \$22,000,000 by an increase of 50 per cent in the inheritance tax, thus making a grand total of \$2,336,750,000, which you propose to expend during the fiscal year 1918, \$910,000,000 of which is to be raised under the bill now before the House.

And this is what you call economy. Shades of economy as practiced by the Democratic Party. Compare with this that \$1,026,682,881.72 which you characterized as extravagance under Republican rule, and then ask the people what they think of your promise and your performance. Ask the business men of the country how long they intend to submit to such iniquities. Is there to be no relief from this continued injustice? Are the people to go on forever without calling a halt to such extravagance?

You have squandered \$162,000,000 to no purpose in the Mexican-border fiasco, \$25,000,000 in the Vera Cruz incident, \$35,000,000 in Alaska, \$11,000,000 in an armor-plate plant, \$20,000,000 in a nitrate plant, \$50,000,000 in a ship-purchase scheme, \$50,000,000 in a scheme for flood control, which means nothing but the reclamation of privately owned lands. You spent last year \$40,000,000 on the river and harbor bill, much of which went into dry creeks, where you were compelled to dig artesian wells to furnish the water. [Laughter on the Republican side.] You have increased the number of men on the pay roll at an annual cost of \$50,000,000.

You have indulged in other wasteful and inexcusable extravagances too numerous to mention, and now you find it necessary to force the business industries to admit the Government of the United States into partnership with them to the extent of sharing in a certain percentage of their profits. You do not make any guaranty that the earning power of those companies will be increased on account of the copartnership into which you have forced them to admit the Government. You have opened the ports of America to the free entry of foreign-made goods, to be sold in competition with the goods of those whose profits you compel them to share with the Government. You give the foreigner the American market free, while you continue to impose new burdens upon our own people. If a reasonable customs duty had been imposed at the customhouses during the 30 months that have elapsed since the outbreak of the European war, the Treasury would have been \$500,000,000 richer and the imposition of the present tax unnecessary.

But no; you would not do that. The American people must be exploited, while the people of the world elsewhere are allowed to ship into American ports during the year 1916 \$571,000,000 more of their products than in any other single year of the country's history, while the revenues from that source are \$100,000,000 less.

The Northern States pay 94 per cent of the expenses of the Government of the United States, and the Southern States pay 6 per cent. When the Democratic Party is in power the South is in control, and the people who pay 6 per cent of the bills have the power to tax those who pay 94 per cent; and in the exercise of that power they never overlook a chance to lighten the bur-

dens of the people of their own section, while they give no consideration whatever to the rights of those who live in other sections of the country. Business efficiency is taxed by an inefficient majority in this House—

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Whose lack of knowledge—I decline to yield—

The CHAIRMAN. The gentleman declines to yield—

Mr. MADDEN. And reckless extravagance have run the finances of the country upon the rock of bankruptcy, beyond the hope of repair. [Applause on the Republican side.]

You gentlemen know nothing whatever about the industrial side of American life. We have 250,000 corporations engaged in the development of the business of America, and they have over \$250,000,000,000 invested in those enterprises.

There are more than 10,000 different kinds of business; and you men who are in control of the affairs of the Nation to-day, without any knowledge of any business, presume to say that you can tell how best to regulate the conduct of those businesses. You impose a tax upon those who have not sufficient means to engage in business for themselves, and therefore are obliged to combine in the form of corporations. You impose this tax upon those of moderate means who in combination are obliged to enter into partnerships, but you allow to go scot-free the man with millions of dollars to invest who is able to stand alone, and you give as the excuse that he pays a surtax upon his income. But all men who have incomes pay the income tax on equal terms, regardless of whether their incomes be great or small, if the income be above \$4,000 a year; and every man, whether he be engaged in business by himself or in partnership with some one else, ought to pay the tax levied upon the American people on the basis of equality. [Applause on the Republican side.]

Mr. LONGWORTH. Will the gentleman yield?

Mr. MADDEN. Yes; I yield.

Mr. LONGWORTH. In regard to one particular kind of business, how does the gentleman think this tax would affect newspapers?

Mr. MADDEN. The newspaper with \$100,000 capital and \$200,000 good will should be allowed an exemption of \$29,000 before the tax applies; but under the provisions of this bill only \$13,000 exemption will be allowed.

Mr. LONGWORTH. Will it not affect them rather more seriously than other corporations in this way: The return provided for under this law is to get at the actually invested capital. What is the invested capital of a newspaper property? Is it the value of the original cash put in, the value of the plant, the assets, and the accumulated surplus? No account whatever is taken of the ability of the manager or anything of that sort; and it occurs to me that scarcely a newspaper in this country would escape paying a large tax under this bill.

Mr. MADDEN. All corporate organizations will be unjustly discriminated against under this tax, while all individual enterprises will be permitted to go scot-free.

Mr. TAGGART. Will the gentleman yield?

Mr. MADDEN. I decline to yield. Take a man like John Wanamaker, for example, who is conducting his business as a private individual. He is not taxed under this bill, and yet he has one of the greatest enterprises in America. You tax those who are unable to bear the burden, and you allow the man with millions invested in an individual enterprise to escape these burdens. You may think you can continue on in this extravagant waste of public money, and that an unsuspecting, confiding people will allow you to continue to impose these unjust and unjustifiable burdens upon their backs; but the time will come when they will tell you what your duty is. They will demand more economy and better business management in the affairs of the Government than you have given any evidence of your ability to apply.

Mr. MEEKER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. In the gentleman's opinion would a certain business man who under oath has said that he made \$476,000 because a great English statesman used the word "but" be exempted from paying a tax on the \$476,000?

Mr. MADDEN. He would have absolutely no tax to pay under this bill; yet this man, Barney Baruch, has testified under oath that because of the leak giving information as to the possible issue of a peace note by the President of the United States, he took advantage of the stock market and made \$476,000, not one dollar of which will be taxed under this bill. [Applause on the Republican side.]

Mr. GORDON. Mr. Chairman, will the gentleman yield to me there?

Mr. FORDNEY. Mr. Chairman, I yield one minute to the gentleman from Virginia [Mr. SLEMP].

Mr. SLEMP. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. That privilege has already been granted.

Mr. KITCHIN. I yield to the gentleman from Massachusetts [Mr. GALLIVAN] such time as he may consume.

Mr. GALLIVAN. Mr. Chairman, I am always interested and always entertained whenever the gentleman from Illinois [Mr. MADDEN] gets into action. Sometimes I agree with him; but in his speech he made one reference with which I disagree, and because I am going to vote for this bill I think it is incumbent upon me to contribute at least a few words to this discussion.

If this bill passes to-day, and I know it will, the South will not be responsible. As a Northern Democrat I am willing to share the responsibility of the action of the majority on this measure. [Applause on the Democratic side.] In my judgment, Mr. Chairman, this bill provides the best possible manner in which these badly needed revenues of the Government can be secured. Of course, no tax is ever a popular tax, but I believe that the proposition now under consideration has at least this merit, namely, that the little fellow in this country who has to pay exorbitant sums for what he eats and what he wears, who has to struggle hard day by day to make both ends meet, has for once, in revenue-raising times, been overlooked by the tax collector. More power to the Government along these lines, and all praise to the leader who has made this possible! [Applause on the Democratic side.] Mr. Chairman, I want to take this opportunity to say this word, in fairness, of appreciation and admiration for the Democratic leader in this House [Mr. KITCHIN]. [Applause on the Democratic side.] I have been reading in the daily press certain severe strictures in reference to the alleged statements of the distinguished gentleman from North Carolina [Mr. KITCHIN] in explanation of the bill now under consideration when he addressed a caucus of his Democratic colleagues on Friday night last. The charge has been made that the gentleman attempted to draw sectional lines, and that in a burst of assurance he informed the Democrats who come from his section of the country that not a dollar of this tax would be raised "below Mason and Dixon line."

I was present at that caucus, Mr. Chairman, and I listened with careful attention to the gentleman's speech, and I can say to this House that no such expression emanated from him. [Applause on the Democratic side.] It is true that he said there what he has said in this committee, that the money to be raised in the manner provided for in this bill would find its way to the Northern States almost exclusively, to the shipyards, to the munition shops, to the cloth factories, to the shoe factories. Not the faintest whisper of a suggestion came from the gentleman that we were taxing the North as against the South. Since my membership in Congress I have carefully observed the distinguished gentleman from North Carolina, and I have learned to appreciate and to admire him as a broad-minded, capable, patriotic American, the peer of any man in the Congress of the United States in loyalty and devotion to that flag and all it represents. [Applause.] He is no sectionalist, and I stand here to-day to pay my tribute of respect and regard for him and to express the hope that in the not far distant future he may receive from even the partisan press of this country the well-deserved appreciation which is due a man who has worked so untiringly and devotedly for his country. [Applause.]

I am concerned over something else just now, in which we all are or ought to be interested.

Mr. Chairman, I believe the time has come when this Congress must act to break down the intolerably high cost of food and by its action put to rout the whole gang of unscrupulous speculators who have been waxing fat and growing foolish in their undreamed-of prosperity. [Applause.] We have learned to our sorrow that everything we eat, from "the apples that blush in the sunlight and glisten in the rain" to the potatoes that blink their dull eyes on our dinner table, is subject to the greed of every manipulator that touches them from the time they fall from the tree or come out of the earth.

Mr. Chairman, it will reflect the very greatest credit on this Congress if we will get into action at once. I believe that we can and we ought to solve the difficulty, as far as food is concerned. Rising prices due to artificial causes are evidence that the workers and producers in this country are being cheated by speculators, gamblers, and thimbliggers.

Take, for instance, rice. There are upward of 9,000,000 pockets in the South to-day—a much larger crop than we ever raised in past years—and still the market has been advanced fully half a cent a pound in the past month by the manipulators in the North. Beans are out of sight altogether, but I have

not the slightest doubt that this is due to the fact that Armour & Co. are to-day one of the largest factors in the country.

The much-despised bean that you and I have so frequently eaten of a Sunday morning is in the neighborhood of 28 cents a quart. That is since Armour has gotten control of the product, even to owning farms to raise them on. Armour practically controls the soda-fountain sirups, canned pineapple and peaches, has a good grip on canned corn and peas, eggs, butter, cheese, and is now laying the wires to get a strong grip on the rice output of the country.

Swift & Co. tried to control the soap industry, but Procter & Gamble were too much for them; however, Swift is the main factor in beef, poultry, salt fish, glue, and tallow.

To show you to what limit they go to gouge the little fellow I might cite the instance of a poor fellow who gathers the bones and trimmings at the small restaurants in Boston and pays \$1 a hundred for them. That is all they are worth. Swift's man, or at least the Swift crowd trading under the name of the Hinckley Rendering Co., has offered to present the owners of the Chinese restaurants with a box of wool soap a month if the Chinaman would sell him the stuff at the same price that the other fellow was paying.

Is that not on a level with the man who would steal a penny from a little child?

The rule with Swift and Armour is to hire only those between 18 and 35 years of age. Swift has in force a compulsory insurance. Armour works an old-age pension, but, Mr. Chairman, can not you read between the lines? When a man gets beyond the certain age something crops up that means dismissal. That is how it looks to me.

If combinations are given a free hand, it will be only a few years when the small dealer will be a thing of the past, the public will be one mass of serfs to the few, and, as the people attain the age of two score and ten, their resting place will be the almshouse.

Mr. Chairman, we can produce anything in this country as cheap, if not cheaper, than any other country, and a moderate tariff is all we require. It is the only country in the world that can live within itself, and for that reason prices on commodities should not be so outrageously high.

An embargo on foodstuffs would soon lower prices. I cited the rice instance. We have taken Japan rice seed and raised more Japan type rice to the acre in Texas than they could raise in Japan. Instead of buying Japan rice from Japan, we sell the Japs their favorite type rice. The Japs cradle out their rice by hand in harvesting. We have a machine that will harvest more rice in one hour than 20 Japs can harvest in one day. Do we need protection on rice?

The Japs sell cotton cloth in China for much less than we do, but the Chinese tell me that the Japanese cotton falls down in two or three washings, while the American-made cloth will last for many months.

With a high tariff manufactured products in this country will remain high and the surplus dumped abroad at a ridiculously low figure. We have a corporation here to-day that produces dyestuffs about as cheaply as they can do it in Germany and equally as good. Before the war Germany sold blue cyanite for 12½ cents a pound. Thirty per cent duty brought it above 16 cents a pound. It was sold at from 25 to 50 cents a pound. To-day the American corporation has the various buyers pinned to a contract at \$2.75 a pound, and, while they have been producing the stuff since summer time, they have stalled off deliveries until New Year's; in the meantime those who are obliged to buy are referred to a middleman, who exacts \$5.50 a pound for immediate delivery. In 1915, 7,000,000 pounds of direct black were sold at 65 cents a pound. With the raw material cheaper this year, the company has forced consumers to pay 95 cents a pound. It is said that the corporation in question has made a profit in excess of \$20,000,000 in two years, and one of the members is said to have declared that they were making so much money they did not know what to do with it.

Mr. Chairman, it has been well said that the world has gone mad over fictitious value and inflated prices. Everything seems to have lost its genuine value in the bewildering figures of its arbitrary price. Nowadays everybody is gambling with everything. May I be permitted here to quote from a recent article by a former brilliant Member of this body, Hon. Martin W. Littleton, of New York, who states a solid truth when he says:

I am liberal enough to allow that anyone who wishes to gamble and juggle and corner may do so if he is gambling and juggling and cornering with others who have the same chance he has, but if I were a sort of benevolent despot I would strangle the men who dared to gamble or juggle with or corner the things which mankind must eat and wear. Better a thousand times the archaic faro table, with the persistent idiot hurling himself against the prevailing percentage; better the poker game, with its sudden, short, sharp thrill, and its ensuing sadness; bet-

ter all the old forms of gambling, with their classical paraphernalia, for only a few went under.

But to convert the great rich earth into a vast gambling table, with all of nature's beautiful and necessary products as the pawns and wagers, until everything is stamped with a gambling value, and every human being drawn into the game whether he plays or not, and every one suffering the losses whether he wagers or not, and nobody but the dealer reaping the profits—this is demoralization; this is not commerce—this is chicanery; this is not economics—this is conspiracy; this is not business—this is blackmail!

[Applause.]

Mr. KITCHIN. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. FERRIS].

Mr. FERRIS. Mr. Chairman, the pending revenue bill is to raise the necessary revenues for the support of the Government. The minority is always ready and active in voting for appropriations and even increased appropriations, but on this, as on all other revenue bills, they fight it, vote against it, protest it, and throw every obstruction in front of it within their power. True, they are in the minority and as a party carrying no responsibility in levying revenues sufficient to support the Government. Every speech made on that side of the aisle to-day indicates their willingness and delight to defeat and embarrass the Public Treasury of the United States. All that is vicious and partisan in American politics has been well exemplified in the debate during the last two days.

UNDERWOOD LAW APPROVED BY THE PEOPLE—PAYNE LAW REJECTED.

Nearly every Republican participating in this debate has roundly assaulted the Underwood law and has richly eulogized the Payne law. In the language of the lawyer, these two bills are res adjudicata.

At the first presidential election in 1912 after the enactment of the Payne law, William Howard Taft, the Republican nominee for the presidency, was overwhelmingly defeated, carrying but the two small States of Utah and Vermont in the entire Union and only receiving a popular vote of 3,484,936. In the same election, Woodrow Wilson, the nominee of the Democratic Party, received a popular vote of 6,293,019. This verdict speaks louder than anything said upon this floor by the representatives of the Republican Party during the last two days of the debate. This speaks in words loud and clear that the American people disapprove the Payne law—there could be no other version of it. In 1916, it being the first presidential election after the enactment of the Underwood bill, Woodrow Wilson, the nominee of the Democratic Party, received on a popular vote 9,120,757 votes, the largest popular vote ever accorded a candidate for the presidency on any ticket in any election in the history of the Republic. [Applause.]

You may pile up your denunciations mountain high on the floor of this House in this partisan debate; you may vote against this bill on a strictly party vote; you may let the center aisle divide the two parties in this House, but the thoughtful people of this Republic will not uphold you in your course. Your nominee for the presidency in recent campaign assumed the rôle of a carping critic, assailing every achievement of the Wilson administration, and his carplings, his protests, his objections, and his fault-finding were swept aside, and full approval given to the Wilson administration. [Applause on the Democratic side.]

Appropriations have been large, it is true, but they have been made in response to a well-developed, well-distributed sentiment throughout the country for adequate military and naval preparedness, plus the good roads bill, plus the shipping bill, plus the Alaskan Railroad bill—practically all of which you voted for and supported, as the RECORD will show. For example, the first preparedness bill was passed by a vote of 402 yeas to 2 nays; 194 Democrats voted yes; no Democrat voted no; 190 Republicans voted yes; 1 Republican voted no; 1 Socialist voted no. [Applause.]

The last Army appropriation bill carrying \$267,595,530.10 was passed without even the dignity of a roll call. It carried an additional \$13,800,000 of authorizations and contracts for which the Government stands committed. That also passed without the dignity of a roll call.

The Navy appropriation bill carrying \$269,996,254 passed the House June 2, 1916, by a vote of 360 to 4; 190 Democrats voted yes; no Democrat voted no; 169 Republicans voted yes; 2 Republicans voted no; 1 Socialist and 1 Prohibitionist voted no. In addition this bill carried \$225,243,000 in authorizations and contracts for which the Government stands committed.

The Alaskan Railroad bill providing \$35,000,000 for the construction of railroads in Alaska to open up that unused and undeveloped Territory, passed the House February 18, 1914. One hundred and sixty-five Democrats voted yes; 68 Democrats voted no; 67 Republicans voted yes; 18 Republicans voted no.

At the risk of being burdensome I could go on and in each case show that the Republicans have voted for all of these ap-

appropriations, for all these contracts and authorizations, and now when it comes time to raise revenue to pay for these expenditures made pursuant to practically the unanimous vote of this House, you on the Republican side of the aisle refuse to respond in helping to raise the revenue to pay the bill. No thoughtful man in this House or out of it can truthfully say that the sentiment for preparedness and increased appropriations was brought about by the Democratic Party, was perpetuated by the Democratic Party, or consummated by the Democratic Party. You not only voted for the preparedness bills, but, as a rule, you tried to make them larger by amendments offered and voted for. [Applause on the Democratic side.]

You scream out a jargon of untruths about our extravagance, but no speaker throughout this debate has filed a bill of particulars or cited any particular bill, or any specific extravagance of which you complain. Your denunciations are evasive, partisan, beclouding, and usually untrue.

THE SHIPPING OR MERCHANT-MARINE BILL.

Much has been said against the appropriation of \$50,000,000 to inaugurate and establish an adequate merchant marine in this country. You of the Republican Party for 50 years have failed to enact an adequate merchant-marine law. There was none on the statute books when we came into power. There is no adequate merchant marine in existence now. The American people are entitled to an adequate merchant-marine law. You Republicans failed them. We delivered the goods. [Applause on the Democratic side.]

There are three ways to get an adequate merchant-marine law: First, by ship subsidy. You Republicans have tried to do that and failed. Second, by private capital going in and constructing the ships and installing an adequate merchant marine. We have waited 50 years for this, and it has never materialized.

The third way is by purchasing the ships, building them, and enacting an adequate merchant-marine law. This the Democratic Congress and the Democratic administration did, and the American people have already approved it, and will continue to approve it; and as soon as the law gets into operation it will be the greatest blessing the country has ever had. [Applause on the Democratic side.]

EXPENDITURES IN MEXICO.

It is true the expenditures for border trouble have been heavy, but you Republicans have voted for every expenditure that was made for the expedition into Mexico and operations along the border, and you have screamed out against us and railed against us in season and out of season because we did not spend more and go farther into Mexico than we did. The real truth is the expenditures we have made have been in response to a well-developed, uniform demand on the part of the people of the country that we (1) have adequate preparedness, (2) that we have a good-roads law, (3) that we develop Alaska, and (4) that we have an adequate merchant marine. These are the main items for which the increased appropriations have been used.

We have responded to this demand as the people have expected us to do. You helped enact every one of them; now you are unwilling to pay for them. We have enacted the laws they have expected us to enact. The revenue bill under consideration will be used to pay the bills that the American people asked us to make. You of the Republican side may in partisanship oppose us and protest. You of the Republican side may scream extravagance and attack our bills and our achievements; but the American people will not be misled, and are not now being misled, by your carplings, your objections, and your abuse. [Prolonged applause on the Democratic side.]

REPUBLICANS ASSERT THIS BILL IS A TAXING OF THRIFT AND A REWARDING OF INDOLENCE.

The Republican side of this Chamber, on the heels of a stinging, blighting defeat, like a drowning man grasping at a straw, still clinging to your old theory of protecting the corporations, shielding the trusts and the privileged few, are asserting that this bill is a tax upon thrift and a rewarding of indolence. I deny your charges; I assert them to be false and misleading. In truth and in fact, what we are doing is providing that those able to pay and whose earnings yield an income of more than \$5,000 annually plus 8 per cent on their entire invested capital stock net shall pay this additional tax and that the toilers and farmers and poor people of the country shall be exempt from it. Your long schooling in fostering the trusts, your long practice of bowing to the rich and scorning the poor is but being exemplified on the floor of this House during this debate. [Applause.]

We of the Democratic faith will, with this as with all other bills, be honest, square, and fair with capital, but at the same time we will at least pause and cast a sigh and have a care

for the poor and poverty-stricken and for those in mental anguish and pain. You of the Republican side would at the customhouse tax the coat on the back of the toiler, tax the shoes on the feet of the school children, tax the calico dress worn by the poor washerwoman, and let big business, big incomes, and corporate wealth go free, untaxed, unmolested.

This revenue issue has twice gone to the American people within the past four years, and each time they have answered it in our favor, and they have cast disfavor upon you on the other side of the aisle. What there is in recent events to stimulate you and cause you to bring forth these discordant notes is more than common reason can fathom or understand.

I assert the rule to be as it should be, and that is that those who are able to pay should pay, and that is all that this bill does. The rule is not a new one, neither is it an unjust one, to provide that the strong shall at all times care for the weak. Under the Monroe doctrine, to which we are all committed, the strong Nation cares for the weak one. What is true of countries is true of individuals. The father in strength and ability to earn cares for the family; the strong brother cares for the weaker one. So it has always been in the past, so will it always be in the future; so it is in the lives of men, the history of nations, and so it is in this bill.

To the healthy mind and pulse of men, as well as nations, there is more pleasure in giving than in receiving. At first blush this statement seems platonic and impractical; but only on yesterday we had a golden example of this truism fully exemplified. The gentleman from Massachusetts [Mr. OLNEY], a small business man, took the floor in his own right and announced how happy he was to be able to earn enough so that he might be able to care well for himself, his business, and family and contribute toward the support of the government of us all. I was proud of him then, as I am proud of him now. Prouder still am I of the noble sentiment that prompted the words that fell from his lips.

MANY GOOD MEN IN THIS HOUSE THINK THE PREPAREDNESS PROGRAM TOO LARGE LAST YEAR AND TOO LARGE AGAIN THIS YEAR.

The question as to whether our preparedness program was too large last year and again too large this year is a question for future history to determine. Many good men on our side of the House are of the opinion that the program is too large. With that view I am largely in accord; but at the same breath I must in truth, in candor, and in honesty recognize the fact that the great majority in both branches of Congress does not agree with this idea and does not agree with me. Therefore it becomes my salient duty, as well as the salient duty of the other Members on the Democratic side of this House, to provide sufficient revenue to pay for the program which the majority of both branches of Congress has already enacted and will enact before the adjournment of this Congress. To do otherwise is to first promise and then refuse to pay; to do otherwise is to assume obligations and refuse to meet them. To pursue such a course smacks of dishonor, smacks of partisan politics, smacks of prank playing, for which the American people have never stood in the past and for which they will never stand in the future. To me this debt for which this bill is levied has been honestly contracted and should be honestly paid. It is the province and perhaps the doubtful commission of the minority to protest and rail against this and everything else the majority does; but in turn it is our patent duty upon this side of the House to raise revenue to pay the honest debts and honest obligations that the Congress has created. [Loud applause.]

Mr. FORDNEY. Mr. Chairman, I now yield to the gentleman from Connecticut [Mr. OAKLEY].

Mr. OAKLEY. Mr. Chairman, I rise to ask unanimous consent to print in the RECORD the protest of the Connecticut Mutual Life Insurance Co. of Hartford, Conn., through their attorney, Mr. Lucius F. Robinson, of that city.

The CHAIRMAN. The gentleman from Connecticut asks unanimous consent to extend his remarks in the RECORD in the manner stated. Is there objection?

There was no objection.

The letter referred to is as follows:

HARTFORD, CONN., January 29, 1917.

Hon. P. DAVIS OAKLEY,

House of Representatives, Washington, D. C.

MY DEAR MR. OAKLEY: I understand that the Federal emergency revenue measure has been agreed upon in committee and is to be reported into the House to-morrow. We are warned that as drawn the bill would compel mutual life insurance companies to pay the so-called excess-profits tax. It does not seem as if this could be possible in view of the admitted intent of the measure, to wit, to impose a tax upon concerns which are making more than what Congress assumes to fix as a reasonable return on invested capital. The necessary factors appear to be entirely lacking in the case of a mutual company. There is no invested capital in the ordinary sense and our fear is that for the purposes of the tax the book surplus would be assumed to be the so-called capital. This surplus is a relatively small amount

representing a margin of safety in the value of assets over estimated liabilities. The net income of these companies under the income-tax act may be very small in a given year or it may be an amount which would represent a very large percentage of the previous small book surplus. In the latter case a tax based on the excess of the so-called net income over 8 per cent of the book surplus would mean a heavy tax. Such a result is wholly inconsistent with the intent to tax excess profits and to my mind is preposterous. If the bill does apply to mutual insurance and works in the way which I have indicated we wish to make every possible effort to remedy it.

Yours, very truly,

LUCIUS F. ROBINSON.

Mr. FORDNEY. Mr. Chairman, I yield 20 minutes to the gentleman from Iowa [Mr. GREEN].

Mr. GREEN of Iowa. Mr. Chairman, I do not believe that I can justly be charged with being one who is unable to consider these revenue bills from other than a partisan and a political viewpoint. In company with the gentleman from Ohio [Mr. LONGWORTH], and with many others upon this side of the House, I voted for the previous revenue bill. I voted for it because I thought there was more good than bad in it and for other reasons which I stated at the time. I have considered this bill carefully and impartially, and from any standpoint I am able to say that it is my deliberate judgment that it ought not to be voted for either by any Republican or by any Democrat. This bill ought to be entitled "A bill to make it a crime to organize a copartnership or a corporation, and defining the penalties therefor." It penalizes those who attempt to cooperate and organize either corporations or copartnerships.

The bill is prepared in accordance with no principle, no theory; indeed it violates, as I shall show, every principle of taxation and every theory of just government. It works unfairly not only between those whom it exempts on the one hand but between those that it taxes on the other, but it also worked unfairly and unjustly between the classes which it taxes, because it works unfairly between different corporations and different copartnerships. It is a bill that often strikes at the weak while often exempting the wealthy and the millionaire. It is a tax that will be difficult of collection, under which evasion and fraud will run riot, because it is a bill whose taxations will be estimated by self-assessments, each party fixing the sum which he believes he ought to be taxed upon.

Now, Mr. Chairman, such a bill as this is not in my judgment worthy of the vote of any Member of this House. I have much sympathy with my Democratic friends upon the other side, whose ranks are so sadly depleted by the last election as the results of their votes during the last session. [Applause upon the Republican side.] I want to help them, because they will need more sympathy after they have voted for this bill. I want them to be prepared for what will happen after they have given their approval to this measure, so I am going to tell them some questions that they will have to answer when they get home and some explanations that they will have to make. When they go back to their constituents they will be shown a copartnership, we will say, of four members with a capital of \$20,000, which makes a profit of \$10,000 a year, engaged in some general business in one of our smaller or large cities. Across the street is another concern of exactly the same kind, doing exactly the same business, with the same capital, and making the same profits, but which an individual owns in its entirety. The copartnership will be taxed under this bill, but the individual will not be. And what explanation will they give when the members of that copartnership ask why they should be taxed when the man across the street is exempt?

Will they say to him, as the gentleman from North Carolina said yesterday, "Oh, this is a small amount, it is a trifling sum you will have to pay." Let us see about that. If they undertake to give any such explanation as that they will find that the man with whom they are talking will take out his pad and pencil and make a few computations. We will suppose there are four persons in this copartnership. The profits of their business are \$10,000 a year. Five thousand dollars will be deducted and then you will have 8 per cent on the capital. When you figure it out you will find that this little copartnership will have to pay \$272 a year. Will they tell that man this is nothing? Will they tell him it is a trifling sum to pay on a capital of \$20,000 in addition to all the State, county, and city taxes that the partnership pays? With one "fell swoop" this bill will more than double the taxes of the partnership and put an income tax on each partner of nearly 3 per cent. Will any of our Democratic friends be able to tell him why he should pay something close to 3 per cent on his annual income, which will be less than \$2,500 a year as divided among four of them? Will they explain why he should have to pay something close to a 3 per cent tax when his neighbor across the road, possibly a man who has an income of over \$19,000, only pays 2 per cent? What excuse will they give for this discrimination? How will they explain why they voted for anything so unfair? Oh, I think possibly there might be one explanation which would be the ex-

planation which was given by the landlord who was presenting a most extortionate bill to a guest at his hotel when the guest indignantly asked, "What excuse can you give for attempting to rob me in this manner? Can you give any answer, any excuse, any reason?" And the landlord said, "Yes, sir; I can." "What is it?" "I need the money." [Laughter and applause on the Republican side.] That is the only excuse that can ever be made for voting for a bill that is so unfair and so unjust in its provisions as this bill. Yes; the gentlemen upon the other side need the money, they need it to pay for the expenses of the Mexican expedition, which has made us the laughing stock of the world. They need it to pay the salaries of the 15,000 officeholders who have been added during this administration. They need it to pay for the nitrate plant to be located upon some southern river and to develop southern waterways. They need it to pay for the ships to be bought at extravagant prices to sail in competition with nations that can operate at half the expense that we can. They need it to pay the bills for all of this wild extravagance that has been going on during the present administration.

Mr. FESS. Will the gentleman yield?

Mr. GREEN of Iowa. Just for a short question.

Mr. FESS. What is included under this exemption "personal services"?

Mr. GREEN of Iowa. I was just coming to that and was going on to show the injustice of this bill. The exemptions allowed to a partnership are specified very particularly in section 205 of the bill, and it will be found that they are exactly the same as the exemptions allowed an individual under the income-tax law. It is plain, therefore, that no allowance can be made for personal services in a partnership unless the income results entirely from personal services, so that the partnership is entirely exempted from the provisions of the bill as provided in another section.

Let us take some concrete examples and the injustice and wrong of this bill becomes very plain. For example, take a law partnership. Here the profits are derived entirely from personal services and consequently are exempted in this bill. They may make \$50,000 or \$100,000 a year and they will pay nothing, but across the street from them is a small commercial partnership making perhaps \$10,000 or \$20,000 a year, a great portion of which is derived from the personal services of the partners. They are the ones who will have to pay this tax, and how will my friends upon the other side explain why they should exempt this wealthy firm of lawyers who may make \$100,000 a year and tax this copartnership to the extent of 2 or 3 per cent upon their income?

Mr. FESS. Would a stock brokerage company fall under the head of personal services? Is not that all personal?

Mr. GREEN of Iowa. Unless capital was employed in the business the profits of a brokerage firm would fall under the head of personal services and even if it made \$100,000 a month it would not be taxed.

This bill is not an excess profits tax. It does not tax all profits over 8 per cent, conceding they appear to be unreasonable and so high that they ought to be taxed.

It taxes such profits only in the hands of certain parties who may be connected with corporations and copartnerships and elsewhere lets them go free. The man who runs 100,000 acres of land or more, as some men do in the State of California, or 30,000 acres, which one estate operates in the State of Illinois—it makes no matter how much profit there is made from it—will pay nothing under his bill. The man who has a herd of cattle or sheep valued at half a million dollars, or even herds that are worth \$1,000,000, or a copartnership owning such a herd, operating out in Colorado, Wyoming, or Montana, will pay nothing under this bill.

Mr. Chairman, if this bill had provided that one citizen out of every three who had made profits in excess of \$5,000 and 8 per cent upon his capital should pay this tax, it would be just as fair between those who are compelled to pay it and those who are exempted, and would be more fair than this bill is as between those who are subject to its provisions.

Do gentlemen think that they can go back home in the face of all these unjust discriminations, for which no excuse whatever can be given, and answer fairly and reasonably a question from a constituent as to why "I should pay this tax, being a member of a copartnership, and another, who is not a member of a copartnership, should go free"?

Take the example of two banks. I can see them right now, out in one of the towns of my district. Each has a capital of \$50,000. We will say that they made last year \$15,000, each one of them, it being a good year, and we will suppose that they lost nothing by bad debts. One is run by a corporation, in which a few men are associated; the other is run by an individual. The one that is run by an individual, doing the same

business, carrying it on in the same manner, making the same profit, will pay not a cent. How much will the corporation pay?

Mr. QUIN. He pays 2 per cent on his income.

Mr. GREEN of Iowa. Oh, yes; and the man that is in the corporation will also pay 2 per cent upon his income; he and his associates will pay an additional 2 per cent more because they are running a corporation, and they will pay this tax, amounting to over \$700. Altogether the corporation will pay nearly \$1,000 more than the other party pays who is running exactly the same business and making the same profits. [Applause.] Will gentlemen be able to explain that? I think not.

Mr. HOWARD. Will the gentleman yield for one question?

Mr. GREEN of Iowa. I shall have to decline to yield.

Mr. HOWARD. I know the gentleman wants to be fair.

Mr. GREEN of Iowa. Yes; and I am fair.

Mr. HOWARD. Did not your party put a tax on corporations and did not tax incomes of individuals when you were in power?

Mr. GREEN of Iowa. Yes; a 1 per cent tax on the net income.

Mr. HOWARD. Then, why do you say that?

Mr. GREEN of Iowa. Because there are certain special privileges conferred upon all corporations, and for that reason they might properly pay a tax which is merely nominal and would hardly be noticed by the stockholders. But why should they pay tax to this extent, which will seriously affect every small stockholder and every member of a corporation, no matter how small his income or how little his property?

Mr. KELLEY. May I suggest to my friend that at that time the income tax was not available.

Mr. GREEN of Iowa. The gentleman from Michigan is quite correct.

Mr. HOWARD. You did not confine it to corporations exercising the power of eminent domain. If you had, then you would have been in an exclusive class.

Mr. GREEN of Iowa. I can not yield further. The gentleman from North Carolina [Mr. KITCHIN] stated yesterday a similar tax had been imposed by foreign Governments. The gentleman is entirely mistaken. In England, France, Russia, in all of these countries, with the exception of Germany, which only imposes the tax upon corporations or associations similar to corporations, they have not exempted individuals. They impose the tax in a manner that has at least the semblance of equality and fairness. In England and France the tax is upon the business whether conducted by an individual, copartnership, or corporation. It is conceded in these countries that there is much unfairness and injustice worked by its operation, although levied much more equitably than ours. I can imagine what a storm of protest would break forth in these countries if the individual was entirely exempted. Moreover, these nations do not impose the tax upon capital or a tax upon profits in excess of a certain sum made upon capital. With them the tax is a genuine excess-profit tax; that is, it is upon the excess profits over those received under normal years, and to get at the normal profit they take the average of a certain number of years before the war; and this leads me to consider how unfairly the manner of levying the tax in this bill affects all concerns subject to its provisions whether they be partnerships or corporations. That which would be a reasonable profit in one kind of business would not be in another. It all depends upon the risk which is taken. A large milling company which makes a standard product always in demand, such as flour, and is always able to go out into the open market and buy its material as cheaply as its competitor might well be contented with a profit of 4 per cent, because it could reasonably expect to make it every year. People must have flour, but the position of a big miller would be very different from that of the small manufacturer who makes some article in the nature of a luxury, the demand for which must depend on whether we have good or bad times. Such a one in good times would probably have a large profit, and in bad times will run at a loss, if he runs at all. The laws of these other nations which have levied an excess-profit tax allow for all this, but this bill, which, if it becomes a law, will always and everywhere work unfairly, makes no such allowance. I commend to the attention of the majority of the Committee on Ways and Means, under whose direction this bill was prepared, a study of the statutes and laws of other nations in this respect. I assure them they would be greatly benefited by such a study, as it is quite evident they have not given them even a cursory examination.

But even if European nations had adopted this plan, what excuse would it be? Mr. Chairman, I have said some very uncomplimentary things at various times with reference to the financial management of the affairs of this Nation by the Demo-

cratic Party. I know, as gentlemen on this side have stated to-day, that there is now in the Treasury a deficiency instead of a free working balance. But I never have stated and I never have claimed, as some gentlemen on the other side seem to confess, that the Democratic administration has brought this Nation to the financial straits of the European countries which are now at war. Those nations have squeezed the rich and ground the poor. They are grasping like drowning men for every source of revenue. Finally, they have reached out and adopted a plan for a tax not so bad, not so unfair, not so unjust as this tax, and yet which they concede to be harsh, oppressive, and unequal to some extent. Now we are told that because these nations under these circumstances have imposed this tax; that we, in time of peace, must be made to bear the same burdens as these nations which are straining every resource to obtain funds to prosecute the most gigantic war known in history.

Mr. Chairman, so far I have not been discussing this bill from a political standpoint. I have considered its provisions simply with reference to whether it would work out fairly and justly, as any tax imposed ought to work; whether it would tax equally those who were engaged in like business and under like circumstances. But there is one other matter concerning which I wish to speak before I close. This bill does not really touch the great issue that ought to be before this Congress. While these nations who are now engaged in Europe in a life and death struggle, while they are exhausting every effort in order to conquer if possible, still their statesmen find some time and some room for their energies in preparing for what must come when peace is declared, but we—we who ought to profit both by experience and opportunity—are drifting day by day toward the inevitable catastrophe that was pictured for us before the war began and which must inevitably come after its close. And what is being done? Nothing. What remedy do they offer? None except to further hamper business and attempt to fetter further enterprise and progress, for an unjust and unfair tax always has this result.

Our friends across the aisle are blind to the future and forgetful of the past. We remember how, less than three months after the enactment of the Underwood tariff, the business failures in this country reached the very peak, surpassing anything we had ever had known before both in volume and amount. Through the weary months of the fore part of the year 1914 we watched our exports decrease and imports increase. We saw our revenues decline; we saw our gold commence to go abroad. We saw our workmen out of employment, and depression in every rank of business. The war, and the war alone, saved us from a business panic such as we had never known before.

And now, when there will come—for it must come after this war is closed—a trade war which in its intensity will rival the present armed conflict now going on, we make no preparation for it, but leave wide the avenues through which foreign goods may flood our ports. We set up no dam and no breakwater at this time, when we might, by a proper and reasonable protective-tariff instead of this bill, raise millions to defray our expenses, protect our markets, and maintain our prosperity. The Democratic Party writes, as it always has done when any great issue has been before it, "Failure" upon the doors of this House. [Applause on the Republican side.]

Mr. REAVIS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Iowa yield to the gentleman from Nebraska?

Mr. GREEN of Iowa. If I have any further time I will.

Mr. REAVIS. I noticed in an article last week that prior to the war in Europe, or the year before the war, approximately 50 per cent of the importations into the Empire of Russia were purchased of Germany alone. With the feeling of bitterness that will exist between these nations, Germany and Russia, when this war is over, how many of German goods will Russia buy, and where, excepting in the United States, can Germany recoup that lost commerce?

Mr. GREEN of Iowa. Nowhere that I know of, I will have to answer the gentleman. Our country will become a dumping ground for European and Asiatic manufactures. We will be obliged to face, after the war closes, a struggle for our markets such as we have never known before. We ought to prepare for it. But this bill makes no preparation whatever. [Applause on the Republican side.]

Mr. KITCHIN. Mr. Chairman, I will ask the gentleman from Pennsylvania [Mr. MOORE] if he desires to use some time?

Mr. MOORE of Pennsylvania. Shall we go on?

Mr. KITCHIN. Yes; go on.

Mr. MOORE of Pennsylvania. Mr. Chairman, by authority of the gentleman from Michigan [Mr. FORDNEY], I yield 20 minutes to the gentleman from Michigan [Mr. KELLEY].

The CHAIRMAN. The gentleman from Michigan [Mr. KELLEY] is recognized for 20 minutes.

Mr. KELLEY. Mr. Chairman, there is scarcely a thoughtful business man in the United States who does not look forward with more or less apprehension to the time when American business men will have to fight for trade instead of having business thrust upon them, as is the case to-day. It is a matter of common knowledge, I think, to all men in this body, anyhow, that our three great competitors across the sea—England, France, and Germany—will be more efficiently prepared for business when this war closes than they were when the war started. And yet, as the distinguished gentleman from Iowa [Mr. GREEN] has just stated, we are to interpose no obstacle to what will probably be the sharpest competition we have ever known, except the Underwood tariff law—the lowest tariff law ever in force in America, and a law that lets in absolutely free now 70 per cent of all our imports.

Now, it has been stated by gentlemen on the other side that the Underwood tariff law will be sufficient for that day; that we are living under it now, and enjoying prosperity such as we have seldom, if ever, enjoyed in the history of the Republic. The American people should not be misled by our present-day prosperity. The man in business who goes blindly forward on the theory that present conditions are normal will be apt to wake up some morning to find his business in the hands of a receiver. We ought, like sensible people, to carefully examine the basis upon which our prosperity rests. It must be remembered that trade conditions are most favorable to this country just now, not through the operation of the Underwood law or any other law, but by the circumstance of war. Since the beginning of the war competition from abroad has ceased in many lines, and from certain countries altogether. Why, at this time a large part of the Continent of Europe is shut out of the American markets altogether by the operation of war. For two years and a half the great German Empire has not been able to come into the American market at all.

The same thing is true of Austria. It is true of Belgium. It is true of Russia, or practically so. And because of the need for war supplies Great Britain and France have had to turn their energies from competitive lines to prepare their people to carry on this gigantic war that is going on on the other side. And so it happens that there never was an hour in the history of this Republic, even under the highest protective tariff, when the American people controlled and enjoyed so large a percentage of our own domestic markets as we enjoy to-day. [Applause on the Republican side.] Why, if there ever was any doubt about the value of protection this war has furnished abundant proofs, because we are now enjoying the highest rate of protection we have ever enjoyed in the history of this Republic, not through the operation of law but because of the operation of war. [Applause on the Republican side.]

Not only that, but when this great war came on we started in upon a period of exportation unparalleled in the history of modern nations. Last month our exports from the United States amounted to \$517,000,000. Multiply that by 12 and you get \$6,200,000,000, which will represent our export trade for the current year if we go on as we are going now. The high-water mark of our exports prior to the war was \$2,000,000,000 per annum. So that we not only find ourselves in possession of a larger percentage of our own domestic trade than ever before, but on top of that a surplus annual foreign trade of approximately \$4,000,000,000. Under such circumstances it would be a strange thing if we did not prosper. I do not know how much a billion dollars is, any more than you do, but it is a corking lot of money. I know that. [Laughter.]

Some little time ago I thought I would try to find out what this tremendous export trade meant in day's work for men, because, after all, that is the test of the value of any trade or business. So I took a trip for a couple of weeks along the Atlantic seaboard, starting in at Hopewell, Va. I found a town down there of approximately 50,000 people. Two years and a half ago there was no such place on the map as Hopewell, Va., although the industries of the city are now employing 20,000 men. What are they making there? Gun-cotton. What is gun-cotton? It is the first step in the manufacture of smokeless powder. They are using a thousand bales of cotton a day down there, at \$100 a bale, or \$100,000 worth of cotton a day in that one plant.

What kind of a looking town is Hopewell, Va.? The business district of the city is, in the main, built up in the most temporary fashion, and the resident section is made up of three and four room houses covered with tar paper. Why build a town of 50,000 inhabitants in that temporary fashion? Why, the business which supports the town is a temporary business.

The city was not there when the war started, and when the war ends it will probably disappear just as quickly as it came. The question that particularly concerns us here and which you will have to answer on that side of the aisle is what will the 20,000 men at Hopewell do when they cease their temporary employment in which they are now engaged? [Applause on the Republican side.]

Then I went up to Eddystone, just outside of Chester, Pa. I found there a new plant employing 14,000 men at a shift, and three shifts a day, making 42,000 men in that one plant. What were they making? Rifles and sabers for Great Britain and France. What will those 42,000 men find employment at when they stop making rifles and sabers for Great Britain and France?

Then I went to the works of the Midvale Steel Co., just outside of the city of Philadelphia. I saw there 20,000 extra men making guns, shells, and ammunition of all descriptions for the allies. I went into one great shop, where they were making huge shells, each requiring a thousand pounds of steel, and they were turning out a thousand shells a day. A million pounds of steel were being used in that one shop every day for the manufacture of shells.

Then I went to the great Bethlehem Steel Co.'s plant at Bethlehem, Pa. They are the Krupps of America. They make the mammoth guns for the Navy and for our coast fortifications. I found them making field guns, gun carriages, shells, fuses, and ammunition of all kinds, all ready to be shipped to the armies in the field on the French frontier. That great company has an extra force of 50,000 men. Before the war commenced they had 23,000 men. Now they employ 73,000 men. The extra 50,000 men are engaged largely upon this temporary business, this business of supplying the allied armies with munitions of war. What will these 50,000 extra men do when this temporary employment ceases? Why, they will probably be looking for jobs now held by other men. Then I went up to the flourishing city of Bridgeport, Conn. I saw there one entirely new factory, more than half a mile long, 300 feet wide, and five stories high, employing 10,000 men, and not a single American order in the plant. What were they making there? They were turning out 5,000 rifles and sabers every day for France and Russia. What will these 10,000 men do when they quit making rifles and sabers for France and Russia? Only a half a mile away this same company owns another plant employing 10,000 more extra men making ammunition, and still another plant at Ilion, N. Y., employing 10,000 more men in the same line. The Remington Arms Co. has 30,000 extra men working on orders contingent on the duration of the war in Europe, and the du Ponts have 50,000 extra men making powder for export—all temporary business.

These temporary orders are not confined to the munition business, as some seem to think. Make no mistake about that. I went farther up into New England and visited a great cotton mill in Manchester, N. H., where, under the operations of the Underwood tariff law, the better grades of business had slipped away from them. They were nearly ready to close down when the war began. When I was there they were running night and day, three shifts, and making what? Making duck for stretchers and tents for the armies of the Old World.

The same thing was true in many of the woolen mills in New England, where they are making soldiers' uniforms, woolen blankets, and all that sort of thing for the armies of Europe. I saw hundreds of men in great shoe factories around Boston making military shoes for the armies of the Old World. So that when this war stops it does not take a philosopher to understand that we are bound to lose a tremendous amount of export business. Four billion dollars of exports—what does that mean? Why, if you estimate that three-quarters of the value of an article represents labor and one-quarter material, that means \$3,000,000,000 worth of labor in this \$4,000,000,000 surplus of foreign export trade. If you allow a thousand dollars a year per man, you have by this tremendous extra foreign business given employment on our shores to 3,000,000 working-men who will not have that employment when the temporary work upon which they are engaged ceases. [Applause on the Republican side.]

Now, it may be said by some hopeful people that we are going right on exporting just the same when the war ends; that they are going to need our products to build up the destroyed and ruined places of the Old World. But let us not deceive ourselves unnecessarily about that.

Who are our great competitors over there? England, France, and Germany. What industries have been destroyed in Germany? Why, no hostile foot has been planted on German soil since the war began. When I think of it, it is to me the marvel of the world that out of their own industries, single-handed and

practically alone, without any aid from the outside world. The German people have been able, not only to take care of their peace needs, but they have been able to supply everything that their great armies have needed in the field for two and one-half years. Have you any idea that a nation with factories capable of supplying the needs of a great war, such as is going on over there, is going to come to us for great quantities of our products when peace comes? I fear that such is an idle hope.

The same thing is true of France. Of course, a few industries have been taken over by Germany in northern France. But in the main the industries of France are upon a firmer foundation than ever before. All unnecessary expense of production has been eliminated and her factories are more efficient to-day than they have ever been in the history of that wonderful country.

What factories have been destroyed in England during this war? Why, no hostile foot has been planted on English soil in a thousand years. Her industries have not been destroyed. On the contrary, they have never been so well organized as now. The other day Mr. Hurley, chairman of the Federal Trade Commission, a commission appointed by President Wilson, told the bankers in a speech at Cincinnati, when he warned American business men as to the character of the competition which they must be prepared to meet at the close of the war, that England has made more progress in industry, has cut more corners, and has increased her industrial efficiency more in the last 30 months than in 30 years preceding the war. That is the opinion of an expert appointed by President Wilson to study just this sort of thing, but I fear our Democratic friends are not profiting much by the warning sounded by Mr. Hurley. And men representing the people of the United States, do you not think that at a time when we are bound to lose a tremendous amount of foreign business, approximating something in the neighborhood of three or four billion dollars, we ought to have sense enough to at least see to it that our American business, our normal domestic trade, should at least be preserved for the people of the United States? [Applause on the Republican side.] Just one more thought in conclusion. When the First Congress met in this country, two great governmental policies were inaugurated which have vitally affected the life of the Republic through the century and a quarter of its existence. One of these policies related to our domestic affairs and the other to our foreign affairs.

Under Washington we set out to build up here a new and better civilization by protecting ourselves against the cheaper conditions of other less favored lands. The first important step of the new Republic was the enactment of a protective tariff. [Applause on the Republican side.] Now, I have always believed that when the Lord gave us the heart of this great continent, rich in natural resources beyond the dreams of men, somehow or other He intended that there should be built up here under a new sky, in a new land, under a new flag, a new civilization which would be higher and cleaner and freer and more enduring than any other civilization in the world. [Applause.] And I have always believed that we should protect that civilization against all cheaper and meaner civilizations throughout the world. [Applause on the Republican side.]

The other great policy that Washington left us as a rich legacy of wisdom to guide us in our international relations was that while we should maintain friendly and cordial relations with all the nations of the world, we should make alliances with none. [Applause.] And so, gentlemen of the House, it seems to me that these two great historic doctrines may well command our continued allegiance—doctrines adhered to by our people through stress and storm and prosperity alike during the whole of our national existence, and through the observance of which our country has steadily advanced from the lowlands until it occupies a commanding place among the nations of the earth. [Prolonged applause on Republican side.]

Mr. FORDNEY. I yield one minute to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Chairman, the time allotted me is an exceedingly brief period in which to call attention to the monumental faults and follies of this Democratic Congress in its appropriations and expenditures, and to discuss its seemingly measureless incapacity to wisely or equitably provide the funds to fill the abysmal and yawning chasm of deficit which its reckless expenditure has created, and yet it must suffice.

The enormous additional burdens which the American people are to be called upon to bear immediately and in future years under this tax bill is the first installment of the price the people are to pay for the continuation in power of this Democratic régime. Few expenditures or appropriations, however enormous or indefensible, were refused or denied which held out the slightest hope or promise of contributing a few votes to the support of the Democratic candidates. This scheme of wholesale legislative and appropriation persuasion, amounting almost to

bribery, having produced a bare majority for the administration, the people are now called upon to pay the price.

Preparedness is the stock excuse and apology for the abysmal Treasury deficit; and to make preparedness do service as the all-covering mantle for a countless multitude of sins a hundred millions squandered along the Mexican border, another hundred millions worse than wasted in shipping boards, nitrate plants, and unnecessary and superfluous West Indian islands are included under the all-embracing title of "preparedness."

But assuming for the sake of argument that every dollar of the expenditures made and contemplated, on account of which these taxes are to be levied and hundreds of millions of bonds issued, was necessary, the plan proposed in this legislation for meeting these enormous expenditures still reveals the colossal inaptitude of the Democratic Party to wisely, fairly, or equitably levy and assess the burdens of government. Had the Payne-Aldrich tariff bill remained on the statute books, with its percentage of average duties on imports, our Treasury to-day instead of exhibiting the pitiful picture of bankruptcy glossed over by forced entries and misleading bookkeeping, would contain a sum large enough to meet all present obligations and carry the Nation far in the future, even under present enormous expenditures, without additional revenue legislation.

The enactment of a fair and reasonable tariff law at this time, notwithstanding all that we have lost by reason of our failure to have such a law on the statute books the past three years, would still produce, under our present volume of importations, enough to largely, if not entirely, pay for even the extravagant appropriations of this Congress.

Such protective tariff legislation would tend to reduce the cost of living by encouraging domestic production to compete with foreign imports. It would lay the burden of unusual expenditures very largely upon those in foreign lands who seek our markets, rather than, as in the case of this bill, upon those whose energy and enterprise are the bone and sinew of our industry. Such legislation would constitute a bulwark of true and absolutely essential preparedness. It would arm and equip the Nation industrially and financially to meet the inevitable industrial invasions which the coming of international peace will precipitate. Such is the legislation which the Republican Party would present as the alternative of this measure.

This measure, having its genesis in reckless and spendthrift extravagance, accentuates the burdens thus accumulated by mortgaging the future to meet the obligations of the present, and by laying the burden of the residue not upon the foreigner seeking our markets and our citizens generally as they may be assumed or adjudged to have been benefited by the expenditures which have been made, but upon thrift, intelligence, and capacity as exercised and exemplified by citizens engaged in certain lines of business.

The measure is, however, in entire harmony with the general attitude of the Democratic Congress, which, ignoring the principles of sound statesmanship and appropriating with reckless and almost criminal extravagance, now lays the tax burden present and future unfairly and inequitably through crude and temporary makeshifts devoid of all semblance of a fixed, permanent, or defensible fiscal policy.

I admit that one is scarcely justified in expecting even a semblance of legislative wisdom and sanity from the Democratic majority, but the way of wisdom is in this case so plain and the necessity of a policy of preparation against the fierce competition of our industrial rivals at the close of the European war has been so widely and so generally admitted by men of all political parties, including men on the Democratic side in this Congress, that there did seem reasonable ground to expect that in providing for the deficits which their appropriations have produced the Democratic majority would to a certain extent at least avail itself of the extraordinary opportunity for securing revenues through customs duties which the present hour presents and the future will even more largely afford.

But it seems that the Democratic majority, whatever may be the views or opinions of certain of its members relative to the wisdom and advisability of increasing certain tariff rates, is still under the control of the bourbon free-trade element of the party and refuses in the present as in the past to be guided by reason or taught by experience. [Applause on the Republican side.]

Mr. KITCHIN. I yield 10 minutes to the gentleman from Rhode Island [Mr. O'SHAUNESSY].

Mr. O'SHAUNESSY. Mr. Chairman and gentlemen of the committee, I wish to add my testimony to that of the distinguished gentleman from Massachusetts [Mr. GALLIVAN], who gave us a correct account of what took place in the Democratic caucus the other night. It seems a pity that the press of the country should misrepresent so patriotic, so distinguished, and

so honest a Representative as the gentleman from North Carolina, CLAUDE KITCHIN. [Applause.] I wish to say that at no time in the consideration that the caucus gave to this Democratic measure was there anything said by the gentleman from North Carolina which would inject into the discussion of this proposition the narrow sectionalism which is always hungered for by some people in their endeavor to create and to maintain a difference between the different parts of this country, a thing that I unreservedly condemn as unpatriotic, unmanly, unjust, and unfair. [Applause.] To me as an American the South is as great a section as the North or the East or the West, and those people who give garbled accounts of what takes place in Democratic caucuses would be better engaged if, instead of crying out in their Oliver Twist fashion for more protective tariffs, they would fasten their eyes upon the American flag rather than upon the cash box. [Applause.] We have had in this country a splendid propaganda for preparedness, and as a Democrat I want to say that I believe in preparedness. I believe in a navy that shall be a real, efficient first line of defense. I believe in the strengthening of our Army. I differ very much with some of my colleagues on this side of the Chamber in my conception of the necessity for preparation. I have as yet to realize that human nature has changed very much. I have frequently stated that I do not believe any prophylactic has as yet been discovered for the arena thirst. In other words, men will fight, and, much as I applaud the lofty sentiments contained in the masterful address of the President of the United States to the Senate, hoping for the day when armaments shall be no more and when peace shall reign upon earth, to me it is almost futile to expect it. But I want to applaud him now for the majesty of his reasoning, for the beneficence of his thought, for the wonderful feeling he gives out in that address for humanity and its burdens. [Applause.] Yet I believe in preparation.

I suppose I voted for those great measures with as much pleasure as any man in this House. I was glad to see our Army increased. I was glad, above all things, to see the Navy increased. How these appropriations have jumped! From \$250,000,000, I believe, for the fiscal year ending June 30, 1915, \$258,000,000 for the fiscal year ending June 30, 1916, \$613,000,000 for the fiscal year ending June 30, 1917, and the estimates for the year ending June 30, 1918, \$777,000,000, for preparation. Our last naval bill alone carried \$313,000,000, and the naval bill that has just been reported carries \$351,000,000. For the protection of our country and the perpetuation of its institutions I would vote twice that amount, if necessary. [Applause.] And I say to you gentlemen who criticize this bill, I am not a pessimist. I take no stock in the doleful views of the gentlemen upon the other side of the Chamber who say that when the war is over our factories will collapse. The head of the great United States Steel Corporation, supposedly familiar with business, and speaking for an industry which is presumably the barometer of trade, tells us that that company is booked up with orders for 1917 and 1918, and the Bethlehem Steel Co. says to the United States Government: "We can not build your ships. We are overloaded with orders, and we are praying for a cessation of this prosperity in order that we may do some of your work."

Mr. FARR. Will the gentleman yield?

Mr. O'SHAUNESSY. I will.

Mr. FARR. The Bethlehem Steel Co. is willing to build these ships at the Fore River yard. The gentleman is making an erroneous statement.

Mr. O'SHAUNESSY. I saw the statement that they were loaded up with orders. Perhaps they have had a change of heart. I hope so. The hearings before the Navy Committee established the truth of it.

Mr. EAGLE. Mr. Chairman, will the gentleman yield?

Mr. O'SHAUNESSY. Yes.

Mr. EAGLE. I noticed a statement by President E. H. Gary, of the United States Steel Corporation, a few months ago in which in substance he stated that more than 75 per cent of the bookings of the United States Steel Corporation were for domestic consumption and not for foreign export.

Mr. O'SHAUNESSY. Mr. Chairman, I was just about to refer to what the gentleman from Texas has so well said, that it is not war contracts to-day upon which they are predicating their great prosperity, it is for peaceful industries. I am a New England Democrat, proud to vote for this bill, and I want to say to gentlemen upon the other side that I have met many men, Democrats—and, yes, many Republicans—down in my section of the country who rejoice that they are privileged to pay an income tax to the Government of the United States, and speaking for myself, small though my possessions may be, I am glad that I shall have the opportunity soon to pay twice the amount this year that it was last year in order to show my fidelity to the Government.

Mr. MILLER of Delaware. Would the gentleman be willing to pay three taxes?

Mr. O'SHAUNESSY. Yes; if need be for this Government of ours for preparedness. [Applause on the Democratic side.] It is a peculiar situation, an anomalous one, indeed, and if I were to give political advice to the gentlemen on the other side of the Chamber I would tell them to look to the future for their political positions. How are you going to explain to your constituents, my friends, that you went out and fought for preparedness; that you sang with the multitude in America the hymn of preparation; that you witnessed with joy the great and majestic processions moving through our cities, and, forsooth, when the bill came before the House of Representatives to provide the funds you ran away? Oh, what a theme for the Democrat looking for the seat of a Republican! I give you this advice gratis [laughter], and I trust that when the roll is called your patriotic spirits will dominate your commercial instincts. [Applause on the Democratic side.] I hope that you will remember that we should be prepared, that the taxes have to be gathered. Oh, what a pitiful spectacle you will present upon the stump when you go forth and say, "I tried, my fellow workingmen," when you meet them near the factory doors, where hands are soiled with toil, "to put the tax upon your broad shoulders, my fellow workingmen; I wanted to take it from your pocket in the guise of increased tariffs, repudiated by the American people when they turned the Republican Party out of power and condemned Mr. Taft for his supine indifference to the needs and necessities of the American people."

Ah, that will be a sad day when you will try to justify your case, and then you will say to them, "I will tell you what the Democrats wanted to do instead. They had a bill down there and they wanted to tax the excess profits of corporations and copartnerships. They were running wild with their financial schemes to recuperate the Treasury. They wanted to levy a tax on industry after the industry had made 13, 14, 15, 16, 18, 20 per cent, and yet, as the friend of the workingman, I protested and said, 'Do not touch that sacred pile made by American industry.' Where will you get off? [Laughter.] Oh, say you, leave this sacred pile of wealth created by American industry alone. These captains of industry and the people associated with them cried out with all their voice and strength for preparedness; they wanted a mighty Navy and an efficient Army, but when the time comes to pay the bill they say, 'Do not touch my sacred pile of gold, but go to the workingman and get it from him.' I think you mistake the temper of the American business man. I would feel ashamed of my country, I would feel that their eyes were forever upon profits, that they were recreant to the Stars and Stripes if they were to say, as you say they are ready to say, that they are not ready and willing to contribute to a fund that shall make us invincible before the world. [Applause on the Democratic side.]

Mr. FORDNEY. Mr. Chairman, I yield now to the gentleman from Ohio [Mr. EMERSON].

Mr. EMERSON. Mr. Chairman and gentlemen of the House, as the son of a Union soldier I regret this continual bringing up of sectionalism in this House. I do not protest against this bill because it may be sectional. What I do protest against is that of the tax that is attempted to be levied in it and is levied in it 95 per cent is to be paid by Republicans, North and South. Bugles are sounding taps along the Rio Grande to-night, taps to the glory of the flag, taps to the honor of the Nation. And thus ends what was inaugurated a few months ago by a Democratic President for political expediency. This little political expediency matter cost the country over \$160,000,000, and represents the contribution of the American people to the Democratic campaign fund. It is now admitted by the withdrawal of these National Guardsmen, without accomplishing the purposes for which they were sent, that it was unnecessary to send them to the border.

Nothing has been accomplished by this enormous expense to the people. This army that was sent forth a few months ago to uphold national honor is now in full retreat, the objects and purposes for which it was sent forth unaccomplished.

Before all the nations of the earth we stand marked as cowards. The Democratic Party, in order to procure the much-needed revenue, instead of using Congress to enact legislation that not only would produce revenue but at the same time advance and protect the citizens of this country in their lawful pursuits uses the methods used by the pickpocket and takes from the citizens of this country, and mostly from Republicans, for 95 per cent of this profit tax will be paid by Republicans, money which justly belongs to them.

Not content with the methods of the pickpocket, they are using the methods of the grave robber and taxing the estates

of those who have been so unfortunate as not to have died before this law was enacted.

What protection does the Democratic Congress give these people for this additional tax that they do not now enjoy?

It has been very cleverly devised, however, so that it will fall very lightly upon those who voted to reelect our illustrious President and to fall very heavily upon those who dared vote against him. But the Democratic Party knows where to place the taxes so that it will be borne most heavily by those who do not dance to its music. My city alone will pay over \$12,000,000 in additional taxes because of this bill.

If the Nation was at war this might be justifiable, but for a party that kept itself in power because of the fact that it kept us out of war, I see no justification for this bill.

Mr. KITCHIN says this bill was devised to place the tax upon those who were most enthusiastic for "preparedness," but is that the real reason? Is not the concealed reason the fact that this tax will be born mostly by Republicans?

This is class legislation, against the institutions of a free government, such as ours founded in equal rights to all and special privileges to none. Other methods could have been devised to raise this tax, but our good Democratic friends decided that the best way was to place it where it would do the least harm to the Democratic Party. Our fathers taught us that taxation without representation was tyranny, but the teachings of our fathers have no terror for the "unterrified Democracy."

If it cost \$160,000,000 to carry on this war with Mexico, in which one battle was fought, what would it cost to carry on a war with a first-class power under a Democratic administration? As far as the bond issuing feature of this bill is concerned, I can simply say issuing bonds is a Democratic habit.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HAMILTON].

Mr. HAMILTON of Michigan. Mr. Chairman, it was a favorite aphorism of the late P. T. Barnum, who for many years ran the greatest show on earth, that the people like to be humbugged.

In the last election the people were called upon to decide whether from then on we should have "intellectualized emotions" expressed in language or plain business sense; whether we should have protection or more kinds of direct taxes—and the people decided in favor of more language and more taxes.

This is a government by majorities. As a man thinketh, so is he, and as a majority think, so goes the Republic.

It was a good deal of a billboard campaign, this last campaign, and one of the most moving and emetic pictures was that of an emotional female in the foreground with arms extended toward the Chief Executive thanking God for Wilson "because he kept us out of war," and it worked; Barnum was right. [Laughter.]

A gentleman connected with the Chicago Tribune, Mr. B. L. Taylor, also proposed a vote of thanks to the Lord for Carranza "because he kept us out of Mexico" [laughter on the Republican side], but his suggestion arrived too late in the campaign for adequate consideration.

This billboard feature of the campaign was supplemented by an executive publicity service which in four years had gained high efficiency.

There is nothing like a publicity bureau.

I have known statesmen with no other asset above mediocrity than a well-financed publicity bureau to advertise themselves from day to day until not only the people thought them indispensable but they themselves thought so. Barnum was right. [Laughter.]

One of the specialties of the Executive publicity service has been "crises," in which the Chief Executive dominated each situation with supernatural intelligence—and it worked.

"The changing circumstances of the world" lent themselves to headline politics until we had a crisis nearly every morning before the election; and last summer, when for a moment there was nothing else "to holler about," as the newsboys say, the President's publicity bureau took advantage of an epidemic of sharks up along the New Jersey coast and announced in glaring headlines that the President would suppress all sharks within the 3-mile limit and hold them to strict accountability. [Laughter on the Republican side.]

Not only did these billboards and these headlines stir emotional people to extravagant thanksgiving for the continuity of Mr. Wilson in a wicked world, but every job-holding Democrat lifted up his voice in glad, melodious acclaim until even plain people, whose only function is to pay taxes, felt it a privilege to be assessed to advance the "new freedom" and other things they did not understand.

Mr. Wilson is a good deal of an expert in political and crowd psychology. He knows the value of suggestion and has exemplified it on his party and the emotional fringe around it.

Once, when the Washington Post March was popular, John Philip Sousa, passing an organ grinder on the street, was disturbed at his inartistic rendering of the march and stopped to show him how. Passing that way an hour later his attention was attracted by a crowd gathered around the organ, on which was hung a huge placard, on which were written these words, "The Washington Post March as played upon this instrument by John Philip Sousa, the composer." And the organ was playing to good business. Barnum was right. [Laughter.]

In discussing party policies it has always been thought necessary to ascertain first whether a party has any policies, and if it has any policies to-day it has always been thought advisable to ascertain whether it is likely to have any policies to-morrow.

And in trying to determine whether it is likely to have any policies to-morrow, it has always been considered advisable to ascertain what it did with its policies day before yesterday.

But in view of the vote of last November, it is obviously futile to inquire what the policies of the Democratic party were yesterday, or what they are likely to be to-morrow. [Laughter on the Republican side.]

In view of the result it was of no avail in the last campaign to discuss the administration's Mexican inconsistencies.

It was of no use to quote the President's Indianapolis declaration that because the nations of Europe had taken as much time as they pleased to shed as much blood as they pleased, the right to shed blood should not be denied to Mexico because she was weak.

It was of no use to quote his declaration that so long as he was President no one should "butt in" in Mexico, because "we can not in the circumstances be partisans of either party in Mexico," and his constant violation of his own announced policy.

It was of no use to call attention to the fact that having driven Huerta out he set Villa up because "we could not in the circumstances be partisans of either party in Mexico." [Laughter on the Republican side.] And having pulled Villa down he set Carranza up because "we could not in the circumstances be partisans of either party in Mexico." [Renewed laughter.]

And it was of no use to call attention to the fact that because "we could not in the circumstances be partisans of either party in Mexico" he supplied each bandit in turn with arms and ammunition by removing the embargo on munitions and that thereupon each bandit turned our guns upon us.

It was of no avail in the last campaign to remind the people that the Democratic party had gone into power on the declaration that protection was the unconstitutional cause of high prices, which they proposed to reduce by reducing duties without injury to any legitimate industry; and it was of no avail to remind them that the Democratic Party had not kept its word.

It was of no use to remind the people that the Democratic Party had promised "simplicity and economy and the rigid enforcement of the civil-service laws"; and it was of no use to remind them that the Democratic Party had not kept its word.

It was of no use to remind the people that the Democratic Party had declared in its platform that its "promises were made to be kept in office as well as relied on before election," and it was of no use to remind the people that the Democratic Party had not kept its word.

To argue the question now would be an argument after the verdict.

The public memory seems to be short. There is no argument that will have convincing effect except the argument of disaster. Barnum was right. [Laughter on the Republican side.]

Roswell G. Horr, of Michigan, used to say the Republican Party was different from the Democratic Party. He said if the Republican Party was not different from the Democratic Party, there would not be any difference.

Well, one difference between the Republican Party and the Democratic Party is that the Republican Party had the habit of putting more into the Treasury every day than it took out, and the Democratic Party has the habit of taking more out every day than it puts in.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Does the gentleman desire more time?

Mr. HAMILTON of Michigan. Oh, no; let it go. [Cries of "Go on!"]

Mr. FORDNEY. I yield the gentleman five minutes more.

Mr. HAMILTON of Michigan. The Democratic Party went into power with a balance in the Federal Treasury of \$153,000,000, left there by the Republican Party after 16 years of prosperity, during which we had been paying our debts out of normal revenues derived from duties levied for the protection of American labor and American industry.

Then, the country ran itself for seven months on the balance left in the Federal Treasury by the Republican Party and the proceeds of Republican legislation.

Meanwhile an extra session of Congress was busy preparing a bill for the introduction of the "new freedom," and on the night of October 3, 1913, at 9 o'clock and 10 minutes, eastern time, foreign goods of the estimated value of \$170,000,000, which had theretofore been held in bonded warehouses, came in to displace the products of American labor and American industry under the invitation extended by the Underwood law.

This was the beginning of a flood of foreign importations which, notwithstanding the war in Europe, has kept on increasing until the importations for the fiscal year ended June 30 last amounted to \$2,198,000,000, exceeding the importations for the fiscal year 1915 by \$524,000,000 and exceeding the average annual importations under the Payne-Aldrich law from 1911 to 1914 by \$476,000,000.

Importations for the fiscal year from July 1 last down to and including December last, have been coming in at the rate of more than \$184,000,000 a month and at the rate of more than \$2,000,000,000 a year.

Notwithstanding the importations under the invitation extended by the Underwood law, the revenue has kept on falling off and this bill is the third of its kind to supplement the failure of the Underwood law to yield sufficient revenue to run the Government.

On September 4, 1914, 11 months to a day from the date the Underwood law went into effect, and 35 days after the war began, the President came before Congress and asked for a tax of \$100,000,000 on the people because he said the falling off of revenue was "in chief part" due to the falling off of importations caused by the war in Europe.

But there had been no falling off of importations; on the contrary, importations had exceeded the importations of the corresponding months the year before by \$94,000,000; and there had been no war in Europe during 10 months of the 11 months of the Underwood law, and therefore the war in Europe could not have caused a falling off of importations, if there had been a falling off of importations; but there was no falling off of importations. Otherwise, the President's statement was correct. [Laughter on the Republican side.]

Again, December 7, 1915, the President came before Congress and asked for new methods of taxation, and again the tax screw was applied to the American people. And now again a new turn is given to the tax screw and in addition to the tax screw, bonds are authorized to the amount of \$322,000,000, and in addition to that an unbonded debt of \$300,000,000 is authorized, and in addition to that the inheritance tax is raised 50 per cent. But judging from the last election, the people like it. Barnum was right.

Gentlemen seek to justify this heavy tax by war and preparedness expenditures, but they have constantly violated their promise of "simplicity and economy" and "unnecessarily piled up the public expenditures" against the protest of the Democratic chairman of the Appropriations Committee.

They have gone on spending money enough to ballast a railroad with \$20 gold pieces from here to New York, without knowing or caring much where the money was coming from; but, as Senator Taggart, a Democratic Senator from Indiana, said on August 12 last, "These increases in appropriations can not go on forever. There must and will be a day of reckoning." Some people thought there would be a reckoning last November, but the people voted the other way. Barnum was right.

Along about Thanksgiving time two friends of mine met and one said: "Bill, what's that yaller all up around y'r ears?" And Bill said, "Bin eatin' punkin' pie and I reckon I bit a little too fer in." [Laughter.]

Gentlemen have been biting a little "too fer in."

We are prosperous, but to boast of our prosperity would be like a convention of undertakers referring feelingly to an epidemic of cholera.

Eleven hundred miles of trenches in Europe are red with the blood of thousands killed, maimed, and disabled with shot and shell made in America, the manufacture of which has revived the fires in our furnaces which a Democratic tariff law put out.

In the fiscal year ended June 30 last our exports amounted to \$4,345,000,000, and they have continued during the last six months at the rate of more than \$470,000,000 a month. A large part of these exports are munitions exports.

But when they stack arms in Europe all this must end. Our munitions market abroad will end, and our people now engaged in the munitions business will go out of the munitions business and our workmen employed in the munitions business will go out of work.

Then the men in the trenches will go back to work, go back to work burdened with debt, go back to work at low wages.

And the nations now at war will seek markets for their products. They will not trade on terms of amity with each other for a time.

Germany and Russia, Germany and Great Britain, Germany and France, will not be likely to trade on terms of amity for some time.

The prows of the ships of the nations of Europe now at war will turn this way, not only because this is the great, affluent market of the world, but because the Underwood law invites their coming, and these foreign importations will displace the products of American labor.

We shall be hit going and coming. The Secretary of Commerce admits that this flood of importations will "threaten the very existence of our industries."

This is what he says:

When the war shall close the public control of railroads in foreign lands, the semiofficial chambers of commerce, the publicly fostered organizations, which control great industries will all exist and will all be used in an effort to recover lost commerce.

The outreach of American industries—nay, their very existence in our own land in some cases—will be resisted to the full, and every stratagem of industrial war will be exerted against them.

And nothing is being done to meet this condition except to levy more taxes and contract more debts.

But the people like it, judging from the last election. Barnum was right. [Applause and laughter on the Republican side.]

Mr. FORDNEY. Mr. Chairman, I yield 15 minutes to the gentleman from Oklahoma [Mr. MORGAN].

Mr. MORGAN of Oklahoma. Mr. Chairman, the object of the bill under consideration—H. R. 20573—is to provide additional revenue to meet the expenditures of the Federal Government for the fiscal year ending June 30, 1918. For this year the Ways and Means Committee estimates that the total expenditures of the Government will be \$1,711,000,000 and that receipts of the Government will be as follows: From customs receipts under the Underwood tariff law, \$230,000,000; from ordinary internal-revenue receipts, \$325,000,000; from emergency revenue and receipts from munition manufacturers and estate tax, \$134,000,000; from corporation income tax, \$133,000,000; from individual income tax, \$111,750,000; from miscellaneous sources, \$56,000,000; from Panama Canal tolls, \$10,000,000; and from deposits from postal savings bonds, \$2,000,000. The Ways and Means Committee estimates that Congress must provide additional revenue for 1918 to the amount of \$402,389,939.

PROVISIONS OF THE BILL.

Under the provisions of this bill an "excess-profits" tax is levied upon corporations, joint-stock companies, insurance companies, and partnerships of 8 per cent after allowing an exemption of \$5,000 in profits and an exemption of 8 per cent profit on the actual capital invested in any concern taxed. It is estimated that \$226,000,000 will be raised under this tax. The estate tax, in force under existing law, is increased 50 per cent. Under this provision it is estimated that \$22,000,000 additional revenue will be provided. Under these two provisions it is estimated that \$248,000,000 additional revenue will be provided. The bill further authorizes the issuance of bonds to the amount of \$303,418,000. Under existing law the Secretary of the Treasury has power to issue certificates of indebtedness to the amount of \$200,000,000. The proposed act authorizes the issuing of additional certificates of indebtedness to the amount of \$100,000,000.

POSITION OF THE REPUBLICAN PARTY.

The Republican Party is not opposed to direct taxation. When in power it enacted laws which authorized such taxation. The Payne-Aldrich Tariff Act, enacted by a Republican Congress and signed by a Republican President, contained a provision levying a tax upon the profits of corporations. That provision, in a modified form, is in force to-day. A Republican Congress passed the resolution proposing the income-tax amendment to the Constitution. By virtue thereof the present income-tax law of to-day is valid. The Republican Party is not opposed to the taxation of wealth. It believes that the great wealth of the country should pay its just share of taxation. It believes that the rich rather than the poor should bear the chief burden of Government—National, State, and local.

The Republican Party is not opposed to the individual or corporation income tax or to any other form of direct taxation by the Federal Government, when levied under proper circumstances and conditions.

The Republican Party is opposed to all forms of direct taxation by the Federal Government:

1. When the object or effect of such taxation is to displace, supplant, or destroy the policy of protection and to establish permanently in lieu thereof a tariff-for-revenue-only policy.
2. When such taxation is relied upon as the chief source of revenue for the National Government.
3. When existing tariff laws afford neither adequate protection nor sufficient revenue.

The conditions set forth in the three foregoing paragraphs exist to-day. Therefore the Republican Party can not support the pending bill authorizing large additional direct taxes. As our names are called on the final passage of this bill Republican Representatives will vote against this measure. In this way we will register our solemn protest against the abandonment of the policy of protection which has contributed so much to the greatness of our country and to the welfare of the American people. In this way we will express our emphatic dissent against committing this Government permanently to a policy of tariff for revenue only, combined, as it must be, with vexatious, onerous, burdensome, and oppressive direct taxes which will grow, increase, expand, and multiply at each succeeding session of Congress.

The present Democratic administration has made a record for introducing and passing bills through Congress "to provide revenue for the Government." Four such bills have been presented. The first was the Underwood tariff bill, which became a law the 3d day of October, 1913; the second was the emergency revenue measure, which was approved October 22, 1914; the third was the general revenue act, which was signed by the President and became effective September 8, 1916; and now, before six months have elapsed, we are to enact a fourth revenue measure which imposes annually more than \$200,000,000 additional direct taxes upon the people and authorizes the President, in time of peace, through the sale of bonds and the issuing of certificates of indebtedness, to increase the national debt by \$400,000,000.

In the number of revenue bills and in the total amount of taxes authorized to be levied and collected thereunder, the four years of Democratic rule, extending from March 4, 1913, to March 4, 1917, will stand absolutely without a parallel in the history of our country. Mr. Chairman, in all sincerity I express the hope that never again in the history of the Nation will there be another four years in which Congress will pass so many revenue bills, authorize such large expenditures, make such large appropriations, and increase to such an enormous and alarming extent the direct taxes upon the people of the United States.

REPUBLICAN PARTY FOR PROTECTION.

The Republican Party is in favor of a protective-tariff policy, for the economic benefits thereof, and because it is the most effective and least burdensome method of national taxation.

It has stood for this policy since 1860, when it promulgated the platform upon which it won its first national victory and elected the first Republican President, the immortal Abraham Lincoln.

The two great political parties of the Nation differ as to the purpose or purposes for which a tariff may be levied. It has long been one of the chief doctrines of the Democratic Party that there is no constitutional authority to levy a tariff duty except for one purpose—to provide revenue. Fortunately for the country, the founders of the Republican Party, statesmen and patriots as they were, took the position that a tariff could be levied for purposes other than that of raising revenue. They declared that the tariff should be made a shield to safeguard the interests of both labor and capital—an armor to protect our industrial forces from destructive competition from abroad—and a sun in our industrial world, sending forth its invigorating and life-giving rays to promote growth in our industries, to extend our trade, to expand our commerce, to enlarge our business, to develop our natural resources, to increase our wealth, to secure industrial and commercial supremacy and independence, to give strength, security, and power to the Republic, and to carry blessings to the homes and firesides of our people throughout the length and breadth of the land.

The Republican Party believes that the Underwood tariff law now in force:

1. Is a failure as a revenue producer.
2. That it does not afford adequate protection to American labor and American capital.
3. That it cripples our commerce, restricts our trade, and without compensation or benefits surrenders our home market to the manufacturers, merchants, and producers of other nations.

DIRECT TAXES OF FEDERAL GOVERNMENT CONFLICT WITH STATE AND LOCAL GOVERNMENTS.

The Republican Party believes that direct taxes levied by the Federal Government interfere with the system of taxes used by State and local governments, and when levied the vast cost of such governments and the character of taxation used to provide revenue therefor should be considered.

Congress controls the expenditures of the Federal Government. Within the limitations of the Constitution it determines the amount and character of taxes levied for national purposes. Congress has no control over the State and local governments; it is not responsible for their expenditures or debts, and does not determine the amount or character of taxes levied by these governments.

But whenever there is a measure before Congress which contemplates the enlargement of national expenditures, which authorizes a large increase in the national debt, which proposes to augment and multiply direct taxes to obtain national revenues we should have in mind what it cost the people to run the State and local governments, the amount, kind, and character of taxes levied by such governments, and the existing outstanding indebtedness of such governments. Furthermore, we should take in consideration the amount of individual, corporate, and other private indebtedness. In 1913 it cost the people of this country \$2,014,369,626 to run their State and local governments. In support of such governments they paid an annual tax of \$22 per capita. To meet this immense expenditure required a property tax of 1.94 per cent upon all property taxed upon an ad valorem basis. To meet the expenses of their State and local governments the people of the United States are to-day, on an average, paying 2 per cent upon the assessed valuation of their property. An eminent English authority recently estimated that the total annual savings of the people of the United States were \$4,500,000,000. According to this authority, the people of the United States for the support of their State and local governments are each year expending an amount almost equal to one-half of their annual savings. It is a stupendous blunder to go on from year to year increasing the expenditures of the Federal Government and multiplying the direct taxes levied thereby, and ignore the stupendous cost of State and local governments, which must be met by direct taxes in some form.

INCREASE OF NATIONAL DEBT.

The proposition to increase the national debt through the sale of bonds and the issuing of certificates of indebtedness must be considered in connection with the existing public and private indebtedness. In 1913 the total debt of all our governments—Federal, State, county, village, town, city, and other incorporated places—was \$4,850,460,713. Making allowance for a small increase during the last four years the amount to-day exceeds \$5,000,000,000. This means an annual interest charge upon the people of \$200,000,000. It is a per capita debt on the people of \$49.97. On an average it is a debt on each family of about \$250. Of the total public indebtedness in 1913 the State and local governments owed \$3,821,896,658. The amount now owed by these governments unquestionably exceeds \$4,000,000,000. The State and local governments are levying direct taxes upon the people to pay the annual interest charge on this indebtedness and to provide for the liquidation of the principal in the future.

Still, Mr. Chairman, our public indebtedness, vast though it is, is insignificant compared with what our people owe individually and through partnerships, associations, and corporations. High authority estimates that our farmers owe \$6,000,000,000, an average of about \$1,000 apiece. Our business corporations, in bonds and other indebtedness, in 1913 owed \$37,000,000,000. This corporate indebtedness alone is a per capita indebtedness for the people of the United States of \$400 and a debt for each family of about \$2,000. After all, the debts of our corporations are primarily debts of the people. The corporations have no way of paying either the principal or interest of their indebtedness except by levying a tax in some form upon the industries, the products, the business, the earnings, and savings of the people. The total of public and private indebtedness, including debts of all our Governments, as well as the debts of individuals, partnerships, associations, and corporations, is certainly not less than \$50,000,000,000. This is equal to one-fourth of the entire national wealth. Upon this stupendous debt the people pay an annual interest charge of \$2,500,000,000, an annual per capita cost of \$27, requiring a yearly contribution from each family of \$100.

Think, will you, that the payment of interest upon our public and private indebtedness requires one-half of the annual savings of our great people. It seems to me that the Democratic Party, that has control of our affairs to-day, the party that brings this

bill in here for us to vote upon, utterly fails to comprehend the great burden of taxation that is now resting upon the people of the United States. [Applause.] There never has been a time in the history of this country, even in the stress of war, when our people were taxed so heavily as they are this very day and hour, and that taxation has increased by leaps and bounds during the last four years. So we Republican Representatives as our names are called on the final vote on this bill will answer "no" as a protest against the abandonment of the policy of protection. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN of Oklahoma. May I have a few minutes more?

Mr. FORDNEY. I yield five minutes more to the gentleman from Oklahoma.

Mr. MORGAN of Oklahoma. I repeat, Mr. Chairman, as Republicans we will answer "no" as a protest against the abandonment of the great American policy of protection, against increasing the burden of direct taxes upon the people, against enlarging the amount of public and private indebtedness which rests upon the industries, the property, and the earnings of the people of this country.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GARDNER]. [Applause.]

Mr. GARDNER. Mr. Chairman, I heard the eloquent Representative from Rhode Island and Providence Plantations say how much he rejoiced and what pride it gave him to find that he could contribute by his income tax to the cost of this Government.

Well, a year or two ago the gentleman from Rhode Island and Providence Plantations, and the rest of the Democratic side of the House, were given the opportunity to extend that blessed taxation privilege by reducing the amount of income which is exempt from payment of the income tax. As the income-tax provision passed the House, persons possessing \$4,000 income or less were exempt from the income tax. Afterwards, to be sure, the exemption was reduced to \$3,000 by the Senate, but even that amount as an exemption is unreasonably high. If the gentleman from Rhode Island and Providence Plantations really means that he believes that the people of this country would be proud and glad to contribute to the income tax, I for one shall cheerfully join with him in getting the exemption reduced so that it will only apply to incomes of \$1,500 per annum or less.

I have heard to-day a great deal of discussion about the principle of taxation. There is no such thing as a principle of taxation. Some philosopher has said that the only sound principle of taxation is the greatest amount of feathers for the least amount of squalling. Apparently that is so, nowadays. Translated into the action of the Democratic Party, the true principle of taxation is the greatest number of ducats for the least loss in votes. I do not suppose that any of you, demagogic as some of the speeches in this House to-day have been, expect to gain any votes by any form of taxation.

I voted for your revenue bill last year raising the income tax and inheritance tax away up. I voted for it because I believed it was necessary to raise the money for preparedness. On the other hand, this revenue bill now before us is contrived for the purpose of raising extra funds, because you have been spending money like drunken sailors.

Whatever anyone may say about these proposed taxes, they are going to be collected in the North. "Yes," some gentleman says; "but it was in New York where this great cry for preparedness centered." Well, if the doctrine of preparedness was wrong, you ought to have voted against it, gentlemen. If it was right, the whole country ought to pay for it. To say that because the agitation centered in New York, that therefore New York ought to pay the bill, would be like saying that because the agitation against slavery centered in Kansas, therefore Kansas ought to pay for the cost of the Civil War. The agitation for good roads centered in the country districts. Would that circumstance have been a good reason for making the country districts exclusively pay for those good roads? The movement for Civil War pensions started in the Grand Army of the Republic. According to the principles of the wise men of the southern side of this House, you ought to have made the Grand Army of the Republic pay the taxes to raise the money with which to pay those pensions?

You say, "But why should I who live in far Texas vote for these preparedness measures?" I neither wish to vote for them nor to pay the bill. You northerners must vote for them and pay the bills, too." Down in Texas, to be sure, you people are out of the way of attack from the armies and navies of Europe. You are safe. But safe as you are from the attacks of the armies and navies of Europe, you are nothing like as safe as my constituents were from the attacks of Villa and Carranza,

and yet we New Englanders must pay a huge share of \$162,000,000 to protect the borders of Texas, Arizona, and New Mexico from Villa and Carranza. For heaven's sake, why not impose on Texas, Arizona, and New Mexico, by your line of reasoning, the entire cost of protecting the borders?

Now, my friends, there is no reason on earth for exempting the great sugar concerns of Louisiana, and the great cotton-planting concerns, and the great cattle concerns of Texas from the incidence of this tax on corporation profits, except that you do not want to make those southern interests mad by requiring them to pay their share of this tax.

I heard the gentleman from North Carolina [Mr. KITCHIN] explaining how in Europe they remit the taxation of the poor peasants. He told us that that was the reason why we ought to exclude from taxation these southern corporations which are engaged in agricultural pursuits. I should like to hear the observations of some of my friends down in Texas in these large cattle corporations when they read the account of the gentleman's speech and find themselves spoken of as "peasants." The "peasantry" from the great cattle section of Texas ought to be taxed just as much as anybody else.

This sectionalism breeds sectionalism, my friends. There would be no sectionalism in this country if somebody did not start the ball rolling. And if you want sectionalism you will get enough of it by and by. Down in Florida last November 81,000 white men voted for President of the United States. In New York 1,698,000 white men voted for President of the United States. Over 20 times as many white men voted in New York as in Florida, and yet the representation of Florida in the United States Senate is exactly the same as the representation of New York. If you are starting something on sectionalism, do you suppose that New York is going to tolerate forever the fact that the vote of one white man in Florida counts 20 times as much as the vote of one white man in New York?

Oh, somebody says that the Constitution reserves to the States the right to equal representation in the Senate. Some one points out that it requires the unanimous vote of the States to change that particular part of the Constitution which deals with representations in the United States Senate. True enough, but we shall amend the offending clause of the Constitution first. In other words, we shall first alter Article V of the Constitution so as to make that entire instrument amendable by a vote of three-fourths of the States. With that amendment once adopted we shall have little trouble in making the Senate representative of the people in proportion to population. Speaking of the Constitution, have you forgotten that the fourteenth amendment imposes on us here in Congress the duty of reducing your representation, if you southerners do not allow a vote to your negroes, that is, to your unorganized labor? You do not let the negroes vote in the South.

If you want to force this talk about sectionalism, here is what is going to happen. Why, my friends, you think that you can count on the Democratic Party in the North. You can not do so. They believe in exactly the opposite things from what you believe in. You in the South have disfranchised your common laborer, the negro. You in the South pass laws permitting hours of labor and conditions in your factories which we will not tolerate in the North. Why? Because your votes are cast by your planters and your labor vote is disqualified because it is black.

As I have heard it claimed that the Constitution can not be amended so as to give a fair deal in the Senate to the big States, I submit herewith a proposed amendment to the Constitution which will put us on the track of securing in the Senate representation in proportion to the size of our States. You know that Article V of the Constitution now provides, among other things, "that no State, without its consent, shall be deprived of equal suffrage in the Senate." Well and good; we shall begin by repealing that particular part of Article V. When it is repealed and a reasonable way provided for amending the Constitution so far as representation in the Senate is concerned, our next step will be to take advantage of this change in the Constitution to secure still another change granting representation in the Senate to the various States in proportion to their population.

Here is the first constitutional change which has been suggested, to wit, joint resolution (H. J. Res. —) proposing an amendment to Article V of the Constitution of the United States for the purpose of rescinding the provision that proportional representation in the United States Senate shall not be established against the protest of any State adversely affected:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment be proposed to the legislatures of the several States, which, when ratified by three-fourths of said legislatures, shall be valid to all intents and purposes as part

of the Constitution, namely, in lieu of Article V of the Constitution of the United States of America the following shall be proposed as an amendment to the Constitution:

"ART. V. The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes, as part of this Constitution, when ratified by the legislatures of three-fourths of the several States, or by conventions in three-fourths thereof, as the one or the other mode of ratification may be proposed by Congress."

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HELVERING. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LONDON].

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. LONDON. Mr. Chairman and gentlemen, in 10 minutes, speaking on a subject of this magnitude, one can give expression to a sense of pain only. All taxes, whether they are called income taxes or whether they are taxes paid in the form of a tariff, are paid by the men and women who work. No matter who sends the check for the tax to the tax collector, the taxes are paid by the people who contribute useful service. Therefore all this talk of the Republicans to the effect that if a high protective tariff were imposed the people would not be taxed is logically as indefensible as the argument of the Democrats that because in the first instance the tax is payable by the rich, the poor people will not be called upon ultimately to pay them.

Income is derived either from property or from service, and in order that there may be income from property somebody must be rendering service, so that it is the man who renders service that pays the burden of taxation. The man who works for a living is very seldom rich. If the gentleman from Ohio [Mr. EMERSON] is right in his statement that he is opposed to the proposed tax because the Republicans will have to pay it, then according to my theory very few Republicans work for a living. [Laughter.]

I know that my voice is like the voice of one crying in the wilderness. I am not an obstructionist, and I would cheerfully aid the party in power, responsible for the conduct of the Government in this Congress, to carry through necessary revenue legislation. But when I read the title of the bill, "A bill to provide increased revenue to defray the expenses for the increased appropriations for the Army and Navy and the extension of fortifications," I can not get myself to vote for it.

You on the Republican side talk deprecatingly about the promise to reduce the high cost of living having been disregarded by the Democrats, and the Democrats, of course, have no remedy to offer for the high cost of living. What is the Republican remedy for the high cost of living? A protective tariff? Can you imagine that a protective tariff will reduce the cost of living? Is anybody bold enough to suggest the thought that—

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield there?

Mr. LONDON. Yes.

Mr. COOPER of Ohio. Has the gentleman heard any Republican say that a protective tariff will reduce the high cost of living?

Mr. LONDON. No; they are not as stupid as all that. [Laughter.] All I say is that the argument they advance, that a protective tariff is the solution of all ills, is not a sound argument.

Mr. GARLAND. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. GARLAND. Have you not heard the Democrats say that a lowering of the tariff would reduce the cost of living? [Laughter on the Republican side.]

Mr. LONDON. Oh, neither the Republicans nor the Democrats know how to tackle these problems. [Laughter.] The high cost of living will not be reduced as long as a minority of the people have it within their power to tax the great masses by owning the means of production and transportation. As long as a minority of the people control the means of production and distribution they will charge such prices as they can get. They who own and control the means necessary to keep people alive own and control the lives of the people.

Now, I am opposed to this bill because every man, woman, and child will be taxed \$10 a year to pay for preparedness which there is no earthly use for. The people ask for bread and shoes and clothing and shelter, and you give them cannon, fortifications, and artillery. As I predicted on the 18th of January, 1915, the Democrats have fallen into the trap which the Republicans prepared for them. Some Democrats say they are opposed to the preparedness expenditures because they

are reckless, unreasonable, and criminal, but that they are compelled to vote for a measure to raise the revenue so long as a preparedness program of huge dimensions has been adopted. Why should you act as accomplices to a crime?

If the preparedness agitation is criminal and reckless and exorbitant and imposes burdens upon the people which the people should not be called upon to bear, why do you vote for these appropriation bills? How can you vote to raise revenue for a thing that you are opposed to?

Then there is one more danger, one more menace, that I want to warn you against. For years the protectionist interests have ruled the country. They were powerful; they were giants financially and industrially. Now you are facing a new menace, a new danger, a new aristocracy of cash, a new power of finance. One billion dollars will be poured out of the pockets of the people of the United States and out of Uncle Sam's Treasury into the pockets of the war traffickers. They will be supplied with a billion dollars, which will be used to corrupt, to defile, to dictate the editorials of your newspapers, to make and unmake men, and to shape public opinion. A new aristocracy, a new power, a new danger is being created by this \$1,000,000,000 appropriation out of the pockets of the people. If you were serious, if you were earnest about the interests of the people, the problem of the high cost of living should occupy your attention now. Stop fortifying. You are not in immediate danger. No German professor has invented a powder which will dry up the Atlantic so that the Kaiser may march an army upon Boston and New York. Up to 1898 you had only 24,000 soldiers. You had more police officers than soldiers. You were not invaded by anybody; you were not menaced by any power. You were not in any danger. What is this all about? You Democrats know that there is no reason behind the cry for preparedness except the artificial cry stimulated by munition interests, as a great many Republicans know. But the trouble with both of you is that you are hidebound by machine rules. You have to vote as your leaders tell you to vote, and you subordinate your reason, you eliminate your independence, you do away with your own thinking. The President was frightened by the impetus that was given to the preparedness campaign, and he in turn frightened the Democrats, and they yielded against their own judgment and their own sentiments. Gentlemen, I ask you to call a halt to this preparedness campaign. I call upon you to devote the remaining days of this session of Congress to the problem of the high cost of living; I call upon you to legislate for the people instead of legislating to create an aristocracy of munition interests. [Applause.]

Mr. HELVERING. I yield 10 minutes to the gentleman from Ohio [Mr. GORDON]. [Applause.]

Mr. GORDON. Mr. Chairman, since this debate commenced I have been endeavoring to get some information by interrupting some of the Republican speakers, but I have not succeeded in getting any up to date. They all declined to yield. Therefore I ask not to be interrupted while I endeavor to furnish the House with a little information upon the bill which is now pending before us.

I had hoped that no additional taxation would be necessary this year. After the increase of last year I had hoped that perhaps the expenditures in the Army, Navy, and fortifications bills might be kept down, so as to render new and additional taxes unnecessary. I still hope that there may be some reduction in these enormous estimates for these purposes. But judging the future by the past I confess that I am not very sanguine of such a result.

The question before the House is the imposition of taxes to raise revenue to maintain the Government. It seems to me that it is beside the point to insist, as the preceding speaker did, that he was opposed to some of these appropriations which have been made, and therefore he would refuse to vote taxes to pay the expenses of the Government. Applying his logic, however, to our friends upon the other side who have consistently and persistently endeavored to increase these appropriations away above and beyond what have been made, they ought to be estopped at least from charging extravagance upon this side of the House. The truth is that this debate on the Republican side has degenerated into a mere partisan harangue. Gentlemen get up here and read speeches that are senseless, filled with partisan malice, and that throw no light at all upon the question before the House. [Laughter.]

Twenty-three years ago this month, Mr. Chairman, one of the greatest men who ever occupied a seat in the American Congress, the late Tom L. Johnson, of Ohio, uttered a great truth upon this floor on the subject of taxation when he said, "Any tax upon what men have is to be preferred to a tax upon what men need." I commend this utterance to our Republican friends who are advising the laying of tariff taxes

upon the necessities of life, which men, women, and children paid under the Payne-Aldrich law upon nearly everything they ate, drank, and wore. What intelligent American citizen really believes we ought to reimpose these taxes upon consumption, and thereby further increase the high cost of living?

I endeavored to elicit from one of the Republican members of the Ways and Means Committee, who complained of the deficiency in revenue under the Underwood law, a statement as to the amount of revenue raised by that law up to the commencement of the European war as compared with the revenue raised under the Payne law for a similar preceding period. He denied that the revenues raised under the Underwood law were greater than those under the Payne law. I have obtained from the clerk of the Committee on Ways and Means the exact figures upon this subject, and they are as follows:

From Oct. 1, 1913, to Aug. 1, 1914, there was collected under the Underwood law—	
From duties on imports	\$229, 772, 378. 82
From income taxes	76, 289, 548. 98
Total (Underwood law)	306, 061, 927. 80
From Oct. 1, 1912, to Aug. 1, 1913, there was collected under the Payne-Aldrich law—	
From duties on imports	260, 881, 088. 32
From corporation income taxes	35, 049, 748. 48
Total (Payne-Aldrich law)	295, 930, 836. 80

Mr. KELLEY. Will the gentleman yield?

Mr. GORDON. No.

Mr. KELLEY. Did he not say tariff revenues?

Mr. GORDON. I did not. This distinguished member of the Ways and Means Committee [Mr. SLOAN] said in reply to my inquiry that he still believed the foreigner paid the tariff. He was answered by one of the oldest and most distinguished Members upon the other side this morning, the gentleman from Pennsylvania [Mr. MOORE], who also declined to yield, and who said in his address that the manufacturers of condensed milk paid a tariff on the sugar and tin with which they put it up. Strange that these Pennsylvania manufacturers do not know how to make the foreigner pay the tariff. [Laughter.] All the light this House needs upon this measure, in my judgment, was furnished by the distinguished gentleman from North Carolina [Mr. KITCHIN] in his opening speech in the debate on this bill. The political gadflies on the Republican side succeeded in stinging him sufficiently to stir him up, and he afforded us a most exhilarating, intelligent, and comprehensive analysis by his observations and in the answers to the questions as to the terms and provisions in this bill. He has not been replied to. I believe his speech is unanswerable.

A MEMBER. Where is it?

Mr. GORDON. My distinguished colleague from Ohio [Mr. LONGWORTH], who is the only gentleman on the Republican side who has not withheld his remarks for revision in the debate of yesterday, said that he had voted for the bill offered by the gentleman from North Carolina last June, and he says:

I did it, as I then announced, for two reasons: In the first place, because I believed the revenue it was designed to raise was necessary to pay for the preparedness program we adopted; and, secondly, I believed its method of raising the revenue, even though it did not include the obviously correct way of raising revenue—a duty on competing products of imports—it was based in the main upon what I conceive to be Republican principles.

The gentleman from Massachusetts [Mr. GARDNER] made about the same statement a few minutes ago. Now, if the bill of last year, which imposed an inheritance tax and a tax upon incomes of partnerships and corporations, was a just and proper measure, consistent with Republican policies why is not this bill that simply increases those taxes also wise and consistent and in line with Republican policies? It seems to me these observations, gentlemen, disclose the utter hypocrisy of the contentions of those who are opposing this bill.

Mr. LONGWORTH. Will the gentleman yield? I would not if I were he. [Laughter.]

Mr. GORDON. No; I think not. [Laughter.] The truth about it is, gentlemen, of course taxes are always unpopular. It is foolish talk indulged in by gentlemen on that side of the House that in some way, somehow, taxation may be made pleasant to those who are required to pay the taxes. It is ridiculous. I do say that these taxes imposed by this bill are very much to be preferred to the taxes which you gentlemen would impose upon the consumption of the necessities of life. I believe as between these two methods of taxation we can go before the American people as we have during the past seven years and defeat you all along the line. [Applause.]

A facetious newspaper correspondent became humorous in describing in a Republican newspaper of this city the result of the recent election in Ohio; in that "slaughter of the innocents"

huge Republican majorities melted away like snow before the noonday sun, and in all parts of the State were enormously reduced or disappeared entirely. The largest Republican majority in any county outside of Hamilton was 1,548. Wilson carried the State by over 90,000, receiving 604,161 votes, the largest vote ever cast in the State for a candidate for President, and in his comment this correspondent said the Republicans were routed all along the line and retreated to Hamilton County, "where they dug themselves in." Judging from the recent partial report of the United States grand jury in Cincinnati, returning indictments against 99 defendants for election frauds, with more likely to follow any day, they must have dug themselves into the ballot boxes pretty deep.

The outrageous methods resorted to in the late campaign to defeat President Wilson for reelection seem to have stimulated and encouraged a resort to misrepresentation and calumny in the discussion of public questions. This is demonstrated by the character of the discussion of this bill on the Republican side of the Chamber, and is further illustrated by the campaign now being waged in Ohio for what is called "presidential suffrage for women." If Ananias and Sapphira had risen from the tomb and assumed the management and control of the suffrage columns of certain Ohio newspapers, the misrepresentations would not be more flagrant than they have been. It is contended that both political parties in Ohio are pledged by their platforms of last year to enact a law authorizing women to vote for presidential electors, when in truth and in fact neither party is pledged to any such thing. The only platform declaration by either party in Ohio having any reference to the question are the national platforms, the principles of which were generally indorsed in the State conventions of the two parties. The Democratic national platform adopted at St. Louis June 16, 1916, reads on suffrage as follows:

We recommend the extension of the franchise to the women of the country by the States upon the same terms as to men.

The Republican national platform adopted at Chicago on June 10, 1916, reads on suffrage as follows:

The Republican Party, reaffirming its faith in government of the people, by the people, for the people, as a measure of justice to one-half the adult people of the country, favors the extension of the suffrage to women, but recognizes the right of each State to settle this question for itself.

Not one line in either of these platforms or in either of the Ohio platforms of the political parties on the subject of presidential suffrage for women, and, except a general indorsement of their national platforms by the two leading parties, not one word was said on the subject of suffrage by either of them.

And in the light of the State's history it is no wonder; in 1912 the State constitutional convention recommended woman suffrage and other amendments on suffrage; all were defeated at the polls. In 1914 an amendment granting full suffrage to women was again placed upon the official ballot, and in the largest vote ever cast in the State up to that time, it was voted down by 183,000 majority.

In the light of these undisputed facts an attempt to confer upon women the privilege of voting for presidential electors by an act of the general assembly, and without a vote of the people, would be treason to the principle of representative government, a fraudulent usurpation of power on the part of the general assembly, and an attempt to force upon the people of the State a proposition which they have not only never indorsed, but have overwhelmingly rejected at the last opportunity they were afforded to speak upon the question.

The power to enact this legislation is claimed under the language of the Federal Constitution, which provides that—

Each State shall appoint, in such manner as the legislature thereof may direct, a number of (presidential) electors, equal to the whole number of Senators and Representatives to which the State may be entitled in the Congress.

But the constitution of Ohio provides that "no person shall be appointed or elected to any office in this State who is not an elector," and elector is defined in the same instrument as "a male white citizen 21 years old."

The authority to join in the "appointment" of presidential electors, by authority of the legislature, is an office and a very important one at that, and the general assembly is prohibited from conferring it upon any other than "male citizens 21 years old."

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. DILLON].

Mr. DILLON. Mr. Chairman, I will first call attention to the excess-profit tax. Under the provisions of this bill corporations and partnerships must pay a tax on their excess profits. The corporation, whether large or small, is entitled, first, to an exemption of \$5,000 and, second, to an exemption

of 8 per cent of the actual capital invested. On the balance of the net income a tax of 8 per cent is levied. Likewise foreign corporations and partnerships are taxed in the same manner on the amount of the net profits derived from business transacted in the United States.

Will it not be impossible to carry out the administrative features of this bill? The corporation will make its return. Its valuation is simply a mere matter of opinion. No administrative officer has any power to fix the valuation. Exact justice can not be done unless a physical valuation of all of these corporation and partnership properties is made. No one can be charged with perjury for fixing an excessive valuation on his property, because he merely expresses an opinion as to value. Therefore the tax will rest unequally against the taxable corporations and partnerships.

It would be easy for a large corporation to add a million or two to its valuation, and no administrative officer could dispute it. This bill invites the corporations to water their stock and bonds. By increasing stock and bonds the net income on which the tax is based would be reduced. It also would invite the directors to increase salaries of officials holding stock in order to reduce the net taxable income.

The portion of this bill that seeks to levy an excess-profit tax against foreign corporations and partnerships is somewhat amusing. We reduce our tariff duties and invite the foreigner to bring his cheap-labor products into the best market in the world and take away our gold. Then we say, "For this concession we will expect you to pay a tax on net income derived from business in this country above specified exemptions." We love the foreigner so much that we give him the same exemptions as we give our own people, but we will not require him to pay any municipal, county, or State taxes. We leave those burdens to be borne by our own people.

Further, the business of a foreign corporation or partnership can be carried on by an individual without any tax whatever. Do any of you believe that the provision relative to foreign corporations and partnerships can be made effective? The plan is to have the foreign corporation or partnership send its goods here, and we are to allow them to pass through our customhouse practically without custom duties. They are surrendered to the agent of the foreign concern, who is invited to make all the profit he can in the United States. After they get the profits in their pockets we send them a blank, telling them they must pay us a tax of 8 per cent on their profits above exemptions.

Would any of you do business in that way? The time and place to get our money is at the customhouse, because we then have a lien on the property. To send the blank to the foreigner and ask him to pay taxes is a huge joke. Suppose they refuse to make a return, how are you going to punish them? Will you punish them by black listing? The only true system is to get the money at the customhouse. [Applause on the Republican side.]

If it shall be our national policy to levy an excess profit tax we should immediately pass the Rayburn bill to regulate the issue of stocks and bonds of all corporations and companies doing interstate business. As a reminder I might call attention to this important bill.

In the Sixty-third Congress it was heralded as an administration measure. I was glad to support it, believing it would do the business. It passed the House on June 5, 1914, by a vote of 325 to 12. It then went to the Senate and on July 23, 1914, the Senator from Nevada [Mr. NEWLANDS], chairman of the Committee on Interstate Commerce, presented a unanimous report recommending the passage of the bill.

Possibly some Member who is in touch with the administration could tell us why this important measure was peacefully put to sleep in the middle of the second session of the Sixty-third Congress, since which time there has been no real resurrection of the administration program. Where are the shouting cohorts who proclaimed that this was to be the towering achievement of the administration?

The gentleman from Texas [Mr. RAYBURN] reintroduced his meritorious bill in the Sixty-fourth Congress and it has now been on the calendar nearly one year, but its backers have taken to the woods. It is no longer labeled an administration bill. It is no real secret that Senate joint resolution No. 60 got its inspiration from an effort to sidetrack the Rayburn bill. Let us all get in behind the Rayburn bill and secure its passage and give to the country an act that will effectively regulate the issue of stocks and bonds. By so doing we can form a basis for the new and novel system of taxation proposed in this bill.

THE ESTATE TAX.

I wish briefly to call the attention of the House to the inheritance tax features of this bill. When the revenue bill was before the House in July, 1916, I said:

The authority conferred upon Congress by section 8 of Article I of the Constitution, namely, "To lay and collect taxes, duties, imposts, and excises," is a sufficient grant of power for levying a tax on succession to property of a decedent. Uniformity is required by the following provision: "That all duties, imposts, and excises shall be uniform throughout the United States. The Constitution further provides, "Direct taxes shall be apportioned among the several States."

If this tax is on the property, it would be a direct tax and would be unconstitutional because there is no apportionment provision in the bill. In 1894 an act was passed laying a tax on incomes from all classes of property, but no apportionment was made. Its validity rested upon the assumption that it came within the classification of taxes, duties, excise, and imposts which was subject to the rule of uniformity but not subject to the rule of apportionment. The act was held unconstitutional on the ground that it was a direct tax on property.

The Supreme Court, in *Pollock v. Farmer's Loan & Trust Co.* (158 U. S., 161) held that the income tax provided for a direct tax and was void for want of apportionment. To get away from this effect the sixteenth amendment to the Constitution was adopted, which provides, "the Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration. It is evident that the sixteenth amendment applies only to incomes and takes incomes out of the apportionment rule.

The tax on inheritance should be a tax upon succession, a tax on the right to succeed to property. It is not a tax on property. There being no natural right to inherit, the legislative department of Government has the right to fix the conditions upon which the succession may be permitted.

The tax percentages are imposed upon the amount of the net estate, en masse, after having deducted cost of administration, debts, and an exemption of \$50,000. No provision is made for a tax on legacies or on the distributive shares nor is there any tax on the right of the heirs or legatees to succeed to the same. The tax is on the aggregate amount of the decedent's property and not upon the amount of the distributive shares.

The inheritance tax has never been regarded as a direct tax on property, but has always been levied against the right of succession. Under the laws of France, Germany, and other European countries the inheritance tax is enforced by way of stamp taxes. The first Federal inheritance-tax act of July 6, 1797, and the subsequent acts of June 30, 1864, and June 13, 1898, all recognize the levy as against the successor.

In *Knowlton v. Moore* (178 U. S., 41) the court, in passing upon this statute, used this language:

An inheritance tax is not one on property but one on the succession. The right to take property by devise or descent is a creature of the law and not a matter of right, a privilege, and therefore the authority which permits it may impose conditions upon it.

The court further says:

The statute clearly imposes the duties on legacies or distributive shares and not upon the whole personal estate.

In *United States v. Perkins* (163 U. S., 625) it is said:

The tax is not a tax upon the property itself but upon its transmission by will or descent.

In *Snyder v. Bettman* (190 U. S., 249) it is held:

The taxes are not imposed upon the property itself but on the right to succeed thereto.

The tax is now imposed upon the mass of the estate and not upon each legatee or beneficiary. The exemption of \$50,000 is likewise an exemption on the whole estate. No provision is made for an exemption for an heir or legatee.

It is a tax against the property held temporarily by the executor or administrator, and is a direct tax, because it does not levy the tax upon the right of succession. No one would claim that this tax could be imposed upon the decedent if living. The right of the administrator or executor in the property is that of trustee for the beneficiaries. If he pays the tax, no provision is made for a charge against the beneficiaries. How is he to settle the rights between numerous beneficiaries where the tax is increased in proportion to the value of the estate? If it be argued that the administrator would be required to pay the tax in the first instance and collect it from the heirs or legatees, then it becomes pertinent to know in what ratio he is to assess the heirs and legatees.

All legatees and heirs are jointly assessed regardless of the amount of their shares. If there be but one legatee, he would be entitled to \$50,000 exemption, while if there are 100 legatees and heirs they would be jointly entitled to but one exemption.

There would be no difficulty if the tax was levied on each legatee or distributive share, but when the rate each is to pay is increased by the value of the property received by other legatees you have all kinds of confusion. We tax separate legatees, regardless of the property received. The tax is measured by the value of all property received by the numerous legatees or heirs. For instance, the tax on the house of A, a

legatee, valued at \$1,000, would be determined by the value of numerous other houses, and the tax on A's house would be increased in proportion to the increase of the value of the property of the other legatees.

Suppose that a decedent willed all of his property, of the value of \$60,000, to a hospital. Deducting the exemption, the hospital would pay \$150 inheritance tax. If a millionaire across the street willed the same hospital \$60,000 and distributed among numerous legatees the balance of his estate, valued at \$4,940,000, the hospital would have to pay an inheritance tax of \$4,293. To obtain these bequests the hospital would be required to pay over twenty-eight times as much tax for the second bequest as for the first of the same amount.

The exemption of \$50,000 should apply equally to those succeeding to the estate, or be a classification to each person similarly situated. Every issue of a decedent who may receive property should be entitled to the same amount of exemption, because the property he is to receive is to bear a share of the tax.

In *Black against State*, One hundred and thirteenth Wisconsin, page 205, and Ninetieth American Statutes, page 853, it was held that a statute authorizing an inheritance tax where the whole estate was of a specified amount or more, but not authorizing such tax where the estate was less than that amount in value, the beneficiaries being in the same class and the tax being levied without regard to the amount received by the individual beneficiary, was unconstitutional as being arbitrary and unlawful discrimination between beneficiaries of the same class.

If the tax can be taken from his distributive share, the heir ought to be entitled to a definite, fixed amount of exemption. As it is, if the decedent leaves his entire estate to one son, the son has an exemption of \$50,000. If, on the other hand, the decedent leaves surviving him 10 sons, they have to join in an exemption and each son has only \$5,000 exemption.

The framers of the act overlooked all the congressional acts heretofore passed imposing a tax upon the right of succession to property, and have overlooked the fact that the tax must rest against the legatee or heir who receives the distributive share of the estate. The tax not being levied on the succession to property of the decedent, but on the property itself, becomes a direct tax, which must be apportioned among the several States.

The people of the United States have been heavily taxed by municipal, county, and State authorities. The disposition of the present administration is to seize all of these sources of revenue heretofore employed by the States and to levy additional direct taxes.

In time of peace we must have a stamp tax, an income tax, a corporation tax, a munition tax, an inheritance tax, an excess-profit tax, a foreign-corporation tax, and we must constantly be increasing these taxes. We must, in addition, issue bonds; we must sell our Panama bonds, and we must issue certificates of indebtedness, all to take care of the extravagant expenditures of public money. It seems that this administration has shown an incapacity to operate the fiscal affairs of the Government. [Applause on the Republican side.]

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. REAVIS].

[Mr. REAVIS addressed the committee. See Appendix.]

Mr. HELVERING. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. QUIN].

Mr. QUIN. Mr. Chairman and gentlemen, in the 10 minutes allotted to me I propose to discuss the bill and not to discuss sectionalism. It was, indeed, a matter of grievance to me to hear some of the gentlemen upon this side and our friends upon the Republican side inject sectionalism into this discussion. I brush aside with contempt the statements of the distinguished Republican, Mr. GARDNER, of Massachusetts. I would not waste my time to answer the charge that he attempts to make against the South. The South is always able to ignore such petty, narrow, contemptible threats as the gentleman made on this floor. This bill was brought out here for the purpose of paying a debt, a debt that the gentleman from the State of Massachusetts was the chief exponent in making. This is a portion of the debt of preparedness. It is proposed to raise \$226,000,000 from the excess profits of copartnerships and corporations, and \$22,000,000 as an inheritance tax from the mighty and powerful in finance who die; and who objects to that? I wish to say that the gentlemen on this floor who object to this bill want to go out into the farms and workshops of America and place the burden for increased preparedness on the men who did not bring it about. They want to go to the man who sweats and toils and place on his back this \$248,000,000 that is to pay the increased portion of preparedness. I

shall continue to fight to keep that tax from falling on the farmer and laborer. Let us place it on wealth, where it belongs. We took out of the wealthy class last year \$175,000,000, and we must raise in addition to that sum this year \$248,000,000. We have three years more to increase this program. I was not one of those who made it necessary to bring about this excessive taxation. I fought against this. It was the great corporate interests, the great wealthy class of this country who forced the propaganda of preparedness upon this Republic. It was the erstwhile leader of the Republican Party, ex-President Roosevelt, who went about over this country preaching the doctrine of preparedness, and now, my friends, if those who followed him, if the chief cohorts of the great and powerful interests, if predatory wealth in this country have forced Congress to bring upon it this debt, I ask who should pay it? I think the bill that the gentleman from North Carolina [Mr. KITCHIN] and his committee has brought out placing this tax on wealth, \$226,000,000, on the excess profits of corporations, and the rest of it upon inheritance, embodies the most sensible and reasonable way to raise the revenue. Is it possible that any corporation in the United States, after declaring 13 per cent dividends above all expenses, above its overhead charges, above all other charges, would object to paying one-twelfth of the profits in excess of that to the United States Government to pay for preparedness that the corporate interests of this country wanted? Certainly it would be criminal for us to raise this money by taxing the toiling millions who now are carrying all they can stand up under.

Some of our Republican friends are very much disturbed because the farmers are exempted from this tax. I feel thankful that the Democratic Party can feel for the farmer and forces that sentiment into law. The farmers and all other laboring men have their eyes on Congress. Will you gentlemen on that side go back to your districts and tell the farmers you desired to place this preparedness burden on them? That is what you must do if you vote against the bill you have been speaking against all day. Are you protecting the corporations and the rich and powerful? Do you desire to make the toilers pay all the taxes? Why do you oppose the inheritance tax? Is it possible that any man who during his life has made the sum of \$5,000,000 or \$4,000,000 or \$3,000,000 or \$50,000,000 would object to a portion of that up to 15 per cent being taken to pay for protecting those whom he leaves behind, those who inherit this fortune, those who did not toil or spin to make that great fortune? I claim that it is sensible and practicable, that it is right, honest, and just. To my mind there could not be a fairer tax than one which comes from corporations and copartnerships that we guarantee shall be free from this tax until they have had 13 per cent net revenue. Certainly it would be fair to the man whom this Government is protecting with all its beneficent laws, with its Army and Navy, with its fortifications, with its swords and guns and ammunition, which has allowed him to build up a fortune of \$50,000,000 or \$100,000,000, to take away a small per cent of that after he is dead and gone. What honest man who has an income of \$50,000,000 could object to the Government taking a fair percentage for the Government's expense and see that it is safely handed to those to whom he wishes to hand it. The American people indorse our revenue bill, and in response to the gentleman from Michigan [Mr. HAMILTON], who said that they wanted to be humbugged, I will say that they were not humbugged when they reelected a Democratic President. They knew all the facts. They knew the outrageous program that the Republicans had enacted for the last 20 years. They knew the outrageous humbug that the Republican Party had perpetrated when they put the protective tariff on the American people. They knew what a humbug it was that the Republicans proposed to take \$8 out of the pocket of every farmer and laboring man in the United States and give it over to some plutocratic, wealthy manufacturer, and only one single dollar out of every eight dollars collected with the eagle on it found its way into the Treasury of the United States. That was the humbug which the American voter voted against. The people rejoiced over our progressive legislation. They voted that sentiment all the way from the Gulf of Mexico to Minnesota. They voted that honest sentiment against Republican humbuggery all the way from the rock-ribbed State of New Hampshire clear over to California.

The American people indorsed the program of the Democratic Party. They indorsed the program to which my good friend from Michigan [Mr. FORDNEY] alluded of spending \$162,000,000 for keeping the soldiery on the Mexican border to elect a Democratic President. That was the best investment the American people ever made. If they were put there for the purpose of keeping Mr. Hughes and the Republican Party out of high places of power for four years more, that \$162,000,000 saved the Ameri-

can people many billions of dollars. [Applause on the Democratic side.] It saved from enactment many outrageous laws that we know Mr. Hughes and those who stood behind him as his shadows proposed to put upon the statute books to override the rights of the plain people of America. [Applause on the Democratic side.] That is the reason the people of this country indorsed the Democratic Party. That is the reason that the man who drives the hack voted against the Republican Party last fall. That is the reason that the American people are going to insist upon Democrats organizing the House of Representatives this next time, I will say to my friend from the State of Nebraska [Mr. REAVIS]. That is the reason that the American people propose that wealth shall bear its just share of taxation instead of burdening the man who really produces the wealth of this country. None of you gentlemen on that side have shown that a protective tariff bill could pay the enormous appropriations that are being made. Any sensible and practical man knows that the Payne-Aldrich bill could not pay all of the appropriations that have been made upon the Treasury of this country. [Applause on the Democratic side.] If these can not be raised except by direct taxation, can you find a better source than an income tax? Can you find a better source than an inheritance tax? Can you find a better source than to tax excess profits of those who are securing more than a reasonable profit? Can you find a better source than these I have enumerated to raise this revenue in the North, the South, the East, or the West? [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIN. I thank you, gentleman.

Mr. KITCHIN. Mr. Chairman, I yield to the gentleman from Massachusetts [Mr. OLNEY].

Mr. OLNEY. Mr. Chairman, I just want to correct an impression which I gave the House last evening in my speech that the United States received from Australia for many years a half of the Australian clip. That is an exaggerated statement, which I desire to correct. In normal years we use from 100,000,000 to 150,000,000 pounds of wool raised by Great Britain and its colonies; but this correction does not destroy the argument that we would really receive but little revenue by the imposition of a tax on wool, on account of the embargo of Great Britain and the little wool being shipped by the warring nations. [Applause on the Democratic side.]

Mr. MILLER of Pennsylvania. Mr. Chairman, the bill before the House, submitted by the chairman of the Ways and Means Committee [Mr. KITCHIN of North Carolina] January 29, 1917, and now under discussion, proposes to assess and collect from citizens of the United States, by direct taxation, \$1,417,444,029. Every citizen of the United States who performs labor—menial, skilled, or professional, with hand or brain—will be compelled to help pay that amount, either directly or indirectly. It takes money out of the pocket to pay the tax; it does not put one cent back in the pocket.

A custom or tariff duty is also a tax, and the consumer pays it indirectly. The foreign importer of foreign-made goods pays the duty into the Treasury for the privilege granted him in getting his wares into the United States. If the wares come in competition with goods made in this country it enables the manufacturer to get a better price, and thus enables him to compete with the foreign manufacturer. It enables him also to pay a higher wage to his employees than the foreign laborer gets. It gives increased sales to the home merchant. It gives a better and a home market to the farmer. It enables the lawyer, the doctor, and every professional man in the United States to get better and surer returns and larger fees. It gives every child, native and foreign born, an opportunity to attend better schools. It has developed industries. It has helped to make the United States, in the past 50 years the richest and most prosperous country in the world, and has enabled the laborers to band together in brotherhoods and unions and not only demand but obtain some of their rights, as no other laborers anywhere else can do or has done. Even the President and the Congress of the United States recently gave a quick ear to its demands and obeyed its commands. In every truth the laboring people of the United States are "the people." Politicians listen to them.

Mr. Chairman, off and on for 50 years I have been making political speeches and during all that time I believed in a protective tariff as enunciated by the Republican Party, but I never in making a political speech claimed that the foreign manufacturer paid the tax; I never claimed that. [Applause on the Democratic side.] I admit that the consumers pay the tax just as the people pay the post-office stamp tax, just as they pay the internal-revenue taxes, and just as they pay the other taxes assessed and collected by the Government. But I also claim that aside from the post-office stamp tax that there is not a single tax levied by the Government that puts a dollar

in an American's pocket except a customs tax. The foreign manufacturer receives less for his goods than he would if there was no customs duty; there is some revenue added to the Treasury, the American manufacturer is protected in his home market, and I believe both manufacturer and laborer in the end have each more money in their pockets than they would have if the foreign goods that come in competition with American-made goods came into the United States free of duty.

Can you indicate a man whose pocket will be enriched by the passage of this bill? Every dollar of it comes out of the people. I agree with the gentleman from New York [Mr. LONDON] that it is not the rich alone who pay these taxes. It is every man in the United States, be he rich or poor. I expect there will be assessed against me for the coming year over \$100 of income tax, including the surtax. Am I going to pay it? Not by a long shot. The people who have me doing their legal business will pay it. The Government of the United States, that put some money in my pocket this year as a Congressman, will pay some of it. And who put the money into the United States Treasury? The people. Many of us have not made a dollar last year outside our salary. I have been near to fooling my time away during the past year. [Laughter.] How am I going to pay it? I am going to get it from the people who give me something. As a rule, when I talk standing on my feet, somebody pays me for it. I would get along as well and make as much money if I did not talk at all now, and would accomplish as much for my constituents.

I am opposed to this bill for one particular reason and that is that many of the purposes for which it is proposed to use the money to be raised are not necessary. We appropriated last year \$600,000,000 for the Army and Navy. What was the total of appropriations? About \$1,600,000,000. How much more did we appropriate for the Army and Navy last year than before? About \$250,000,000. Where did the balance of the money—\$350,000,000—go to? Into rat holes, river and harbor bills, armor-plate and nitrate plants, merchant marine, catching Villa "dead or alive," and fooling with Carranza and others.

The gentleman from Mississippi [Mr. QUIN] stated a moment ago that the people of the United States indorsed the Democratic policies in November last. I deny it. They indorsed Woodrow Wilson but not the legislation of the Democratic Party. If Woodrow Wilson had been no stronger than the Democratic policies, he would have been defeated overwhelmingly. Why do I say that? Four years ago this side of the House—the Democratic—had over 100 majority. Now they have less than 30. In the next Congress, Mr. Chairman, they have not any. [Applause.] Why did the people change the majority? Because they were dissatisfied with what was done by Congress. That is why they threw the Republicans out of power some years ago [laughter], and we deserved it. I do not deny that. We had been acting badly, but not nearly as badly as the Democratic majority. [Laughter and applause.] Why, our appropriations never got to the measly sum of a billion. We never could reach a billion with all our extravagance, and yet you jumped \$100,000,000 over the last Republican Congress the first year you got into power, and you jumped last year \$700,000,000 larger than ever the Republican Party dared to.

Mr. GORDON. Did you not vote for some of them?

Mr. MILLER of Pennsylvania. Yes; I was bamboozled into voting for the merchant marine. I was led to believe that if I voted for the merchant-marine bill there would not be so much appropriated for the Navy. That was where I was bamboozled. [Laughter.] That is where you were bamboozled. [Laughter.]

And I tell you, gentlemen, that when you pass this bill you will not only have 3 less than a majority in the Sixty-fifth Congress, but you will have 50 less than a majority in the Sixty-sixth Congress. It will not be a question of the independents organizing the House, as it is now. The Republicans will have such a majority that they will organize it easily, and they will just do what they please with you, gentlemen, just what you have done with them. [Laughter.]

What are the excess taxes that the Democratic Party has been putting onto us? The country does not know it. We ought to have a publicity bureau, to let them know what these increased taxes are. Let me enumerate some of them. I am directing this particularly to the Democratic side of the House, because you will be on the mourners' bench in 1919. In the three years of 1914, 1915, and 1916 the Democratic Party levied and collected by the so-called war tax, in round numbers, \$136,000,000; and they collected in excess in those three years of what the Republican Party had collected on incomes, individual and corporation, \$132,250,000. From those two items in the three years they collected, in excess of what the Republican Party ever collected from such sources, \$273,198,000. That is "going some."

But that is not a patch as to what you are doing now. What do you propose now? You propose by this bill and by revenue acts already on the statute books to collect this coming year \$134,000,000 on incomes, corporate and individual. You propose to collect on munitions and estate tax \$133,000,000. And you propose to collect on individuals \$111,750,000; or, in those three items, \$378,750,000.

That is not all. In addition to all that you propose to put your hand into Uncle Sam's pocket and extract \$222,000,000 of Panama Railroad bonds, that the Republican Party thought they had laid away. What they ought to have done was to have burned them. That is where they made a mistake.

You also propose to collect from corporations on all receipts profits over 8 per cent \$226,000,000. You propose to issue Treasury notes of \$100,000,000. In those three items in this bill, in addition to what was levied heretofore and was annually collected, you propose to collect \$548,000,000. Add that to the other items of excess taxes, of new taxes that my friend from New York [Mr. LONDON] said the people had to pay—and he is right—add that to those taxes, and what does it amount to? It amounts to the round sum of \$1,417,444,029—almost a billion and five hundred millions of dollars. Do you suppose the people will stand that? Do you suppose that in 1918 you will not hear from the people from the Atlantic to the Pacific, from the Lakes to the Southern States, and from the farmers in every agricultural State, who will condemn you, and will assist in turning you out of office. [Applause.]

Personally I have great respect for many gentlemen on the Democratic side of the House. I have formed many acquaintances that are dear to me, but your policies are reprehensible. If the Republicans will vote against this bill solidly, as I believe they will, enough Democrats may join them to defeat it. The country will not suffer, and at the extra session which will be called, if this bill is defeated, the Republicans and independents will organize the House, and pass a bill that the people will approve.

The taxes proposed to be assessed and collected by this bill, as enumerated by the chairman of the Ways and Means Committee [Mr. KITCHIN] in the report submitted by him with the bill, are as follows:

<i>Estimated revenue under present law.</i>	
Customs	\$230,000,000
Internal revenue, ordinary	325,000,000
Total	555,000,000
<i>Estimated revenue under this bill:</i>	
Tax on excess profits over 8 per cent on capital of corporations	170,000,000
On capital of partnerships	56,000,000
Emergency revenues and receipts from munition manufacturers and estate taxes	134,000,000
Income tax:	
Corporation	133,000,000
Individual	111,750,000
Sale of Panama Canal bonds	222,000,000
3 per cent certificates to be issued by the Secretary of the Treasury	100,000,000
Total	1,481,750,000
Deduct estimated balance in general fund, June 30, 1917	64,305,971
Balance to be assessed and collected	1,417,444,029

I submit, Mr. Chairman, that such an extravagant, unjust, and unwise bill should be defeated.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. GARLAND].

Mr. GARLAND. Mr. Chairman and gentlemen of this committee, I do not think that all of the eloquence that has been heard here or all the figures that have been compiled here will make one iota of difference when it comes to a vote on this question. The Republicans are going to vote, and rightfully, for what they believe in, a protective-tariff measure, and against this measure. The Democrats are going to vote for this measure, because it is a "get-by" measure only with them, and has been so stated time and time again. It is only for the present, something to pass us by.

When you come to measuring the difference between a proposition that will give protection to American industries and American workmen and a "get-by" measure of this kind, for the moment I want to retrospect to the time when these things were in operation and prove their conclusions.

I remember from 1892 to 1896, when we had another Democratic administration in the White House and at both ends of the Capitol, and they worked their sweet will, so far as passing measures for revenue were concerned. They omitted to protect the working people of this country and the industries of this country, and as a consequence pestilence, famine, chaos, and distress came over the land. At that time I was the head of a great labor organization, and it became my duty to go over the

country trying to get employment for the men I represented. I remember we had to voluntarily reduce our wages, and from the incoming of that administration until the outgoing of it four years afterwards, year after year, yea, month after month, we were called together of our own accord in the hope of getting something to do.

But the mills remained idle; the wheels stopped; the mines closed, and the grass and the weeds grew up around and even into the doors of the factories. The whistle no longer sounded, and men stood in knots and groups, in distress, questioning the possibility of ever seeing better times again. And, then, when 1896 came, men were eager for an opportunity to go to the polls again, and they went there and voted; and the entire administration was changed and a protective-tariff bill passed, and, miraculously as it may seem, in six months' time every old tub of a manufactory was working again, labor was fully employed, wages were leaping higher and higher all the time, and the bells rang and the whistles blew for people to come to work, and happiness reigned in the land.

That went on until four years ago, in 1912, and then came a catastrophe in which there was a split in the Republican Party. No other cause in God Almighty's world changed the complexion of this country. The Democrats came into power again, and they went at it as usual—blindly for the time being—without looking forward, and they passed another low-tariff bill, and from the moment that it passed things started backward. And two years after that great successful event that they heralded here on the floor—two years after that all we had to do was to walk around and look at the people, idle, in order to be elected to the Congress of the United States, and we cut down your great majority 75 in that one year. Then two years passed by, and now you quote the election just passed as being a great victory! Was it? You elected one man, but the great mass of the people of the United States repudiated you by sending a larger number of Republicans into the Congress than there were before. [Applause on the Republican side.]

Everyone will admit that the war in Europe can not be kept going very much longer, and just so sure as the saying goes, "After the flood comes the deluge," just so sure will we see this country overrun with cheap foreign-made goods unless we protect the industries of this country and the workmen of this country by passing a protective tariff, and it seems to me that now is the proper time to do it; and if the Republicans of this House had the power, they would pass that kind of a bill instead of the one that you offer here. We must not forget that the men in foreign countries have been taught a lesson of economy in living in the trenches in the last 2½ years that will be one of the elements of their possibility of working cheaper, to reestablish the industries in their countries, and, in addition to that, the factories and the mines and the mills have taken from the homes the women and children and employed them and have given them the skill that belonged to only man's hand before this war, and they will add their assistance to the cheapening of foreign-made goods. There will be no provisions there as to child labor or hours which women work, and we will have this to contend with.

I note that it delights some Democrats to allude to the fact that at times articles may be sold abroad cheaper than they are sold here in this country, and they attempt to use that as an argument against a protective tariff. They do not take into consideration that the drawback established by a protective-tariff bill and which is in all protective-tariff bills is yielding to the importers in this country who bring in raw material or materials only partially made up for the purpose of manufacturing those materials, and giving employment to our workmen in doing so, into a finished product, from five to seven million dollars a year. In other words, anyone who brings in from foreign countries raw material or partially raw material and employs workmen to make up that raw material into a finished article, in whole or in part, to be shipped abroad, receives from the Government a drawback on the tariff duties that they are required to pay of 99 per cent. In other words, the Government only retains 1 per cent to pay clerical work in the transaction. These articles go abroad and are sold into foreign countries as of American manufacture.

Our Democratic friends do not tell you that these articles are sold abroad after having been manufactured here in that way. Mr. Chairman, I think that now is the time for the Democratic Party to take heed of their action, if they expect to be returned to Congress by the people of this country, and in taking heed pass a new protective-tariff bill whereby to collect needed revenue.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. SMITH.]

The CHAIRMAN. The gentleman from Michigan is recognized for 10 minutes.

Mr. SMITH of Michigan. Mr. Chairman and gentlemen of the committee, I did not have a very good opinion of this bill after reading it, but in order to prove that it is a bad bill I call your attention to the fact that as soon as the gentleman from New York [Mr. LONDON] read the title of the bill, he said he was going to vote against it.

Now, that must prove it to be a pretty bad bill. The catchy part of the bill, it seems to me, is that which says it is a tax upon the excess profits of corporations. That is what will catch the people. Now, I want, before I undertake to present it to you, after the method in which the President presents his messages, to see if I have a correct understanding of this tax on excess profits, and if I am wrong I would like to be corrected now, because I think the country will want this information. And so I will take as an example a corporation of \$100,000, which was used here yesterday as an illustration; and, first, as I understand the facts, the corporation will figure up its entire income for the year, and it will deduct from that, first, the cost of operation. Next, it deducts all taxes paid. Third, it deducts \$5,000 from its capital stock or its capital invested.

Mr. MADDEN. From its profits.

Mr. SAUNDERS. Deducts it from its profits.

Mr. SMITH of Michigan. Yes; \$5,000 from its profits. So much more in favor of the corporation. And fourth, the corporation deducts 8 per cent upon its capital stock or property invested in the corporation.

Mr. SAUNDERS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Michigan. Yes.

Mr. SAUNDERS. You have omitted one element. In addition to what has been recited it deducts 8 per cent on the capital stock, undivided profits, and surplus, and then it pays 8 per cent on the excess over that.

Mr. SMITH of Michigan. Yes. I thank the gentleman for the correction. That is 8 per cent further. Now, if that were all that the corporation had to pay, it might be that there would not be serious objection. But as shown further on we all know that a corporation pays a tax to the State upon the original capital. It pays a further State tax upon all the increase of the capital. In Michigan it pays a commission on all new stocks and bonds authorized, and once a year is levied a State, county, school, district, and highway tax, and other special taxes. Once a year also a tax is levied by the city and municipality. Then along comes Uncle Sam with a tax on special stock. Again he appears and taxes the earnings above a small amount. Then in case any of the earnings of the company are distributed, either as dividends or as capital, and certificates issued to the stockholders, Uncle Sam again levies a tax on the individual if he happens to hold any considerable amount of interest in the company; and then on top of all this a corporation is the target for all sorts of charities, including foreign relief funds, local charities, hospitals, churches, celebrations of all kinds, ad infinitum.

Mr. Chairman, in the consideration of the pending bill I do not overlook the fact that it requires money to carry on this great Government of ours. I was about to say that the greatest question before the American people at the present moment is how to raise sufficient revenue to carry on the Government. It certainly has furnished perplexities without number for our Democratic brethren, and the end is not yet. How to raise the revenue for simply carrying on the Government and paying the expenses of running the Government are questions to be met, and it is a problem about which there are party and individual differences.

But great as this question is, it is not as important to the United States as the question of whether or not we ought to embroil our Nation in European affairs, European politics, or the European war. To avoid entangling alliances was the advice of Washington; and while that great and beloved American patriot has long since passed from the scene of action, and there have been many changes in our domestic affairs since his day, still time has proven the value of his advice and wisdom, and we have felt safe in following his dictation.

It is not original with me to say that if we ever form, engage, or enter into European politics, that if we ever form an alliance with European nations, that if we become a party to preserve their national existence, it will be permanent, and we will never as a Nation be able to withdraw or be released from our obligations. Here we should hesitate long and be sure of our ground before taking the step. We started out to be an independent Nation. We are an independent Nation. Our forefathers of Revolutionary times endured hardships almost inde-

scribable to cleave us from our mother country, and then told us to keep independent and alone. President Monroe not only set his approval upon such a course, but has promulgated a doctrine that has further marked out and defined the course we should pursue.

Grover Cleveland even in the matter of settling a boundary dispute between nations on the Western Hemisphere claimed it would be a violation of the Monroe doctrine to permit a foreign country by force to interfere in extending such boundary into the domain of an adjoining country, and threatened to declare war to maintain the principles of the Monroe doctrine.

Why we should now engage in the politics and affairs and undertake to dictate terms to foreign countries, make a treaty, or agree to become a party to the conduct of their affairs is not altogether plain, however praiseworthy.

Should we become a party to an agreement to preserve the integrity of Turkey? It has been the dream of the Christian world to rescue the sepulcher, and yet this is one of the Nations who would come in first under such an agreement, protocol, treaty, convention, or concert of nations as would provide for the stability of their boundary and the autonomy of government in foreign countries.

After the domain of Turkey shall have been secured, next might come Manchuria, Tripoli, Abyssinia, Fiji, or the Cannibal Isles. Are we to fight for them? And who would call out and direct the army? Ought we under present conditions to use the strength of our Army and Navy to enforce peace in Europe, even "without victory"? Washington, the greatest of patriots, the one premier American, whose conscious presence is ever about us and whose country and Republic we are sworn to uphold, in his farewell address stated:

The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations to have with them as little political connection as possible.

I know Tennyson has pictured such a time, and we have all prayed for that time to come ever since, but he first prophesied that he

Heard the heavens fill with shouting, and there rain'd a ghastly dew
From the nations' airy navies grappling in the central blue.

I notice that there is much mentioned in the press that if we wish to vindicate our rights we should take a peep over into Mexico. I am for peace and order. I think we have had a greater reason for going into Mexico with our Army and preserving peace and order and assisting in maintaining a protectorate government there than we did in Cuba or the Philippines.

It did not cause any heart thrill of a warm-blooded American citizen to send our Navy to Vera Cruz and shell a helpless city, or to march our soldiers into the heart of Mexico and march them out again. Our Mexican policy has been one of ignominious failure, and it has done its share to deplete our Treasury. In future generations this will be known as the war of the President, with the most powerful Nation on earth on one side and the most distracted on the other.

This talk about corporate misdeeds and unjustifiable American investments in Mexico may do to prejudice a nonthinking public, but the slaughter of American citizens is not the way to adjust American investments either in foreign or domestic affairs. If we are for peace, and speed the day, Mexico is a good place to show our convictions.

I admit that it is easier to tell what ought to have been done by looking back over past experiences than it is to tell what should be done in the future. Now it is easy to see that Huerta should have been recognized. Why he was not looks more like putting up a bluff against Huerta at this angle than it did to consummate a diplomatic adjustment of our obligations to protect American citizens in foreign countries or strengthen our relations with that sister Republic situated here on our own threshold. We did not even have the satisfaction of a salute from him. We have done more for Villa and Carranza than we did for Huerta, and we owe them less respect. Huerta may have obtained the Presidency by revolution, but so did every President of the Republic from the conquest of Hidalgo to the present time. And it will be so with the next ruler, whether it be Carranza or Villa. But we have now marched our soldiers out of Mexico; here comes the flag and here comes the fife and drum. We have finally determined upon a Mexican policy, "Go to it" interpreted to mean "let them fight it out among themselves." Every one of the soldiers going into that country went there to do his duty; every one of them was a hero; but in time to come he will not be proud of the experience or achievements of the American Army or Navy on that occasion. The net result—Villa shot in the leg, a long hike, and a \$150,000,000 addition to the deficiency of the Treasury.

The appropriations needed to carry on the Government for the next fiscal year, and which must be provided for, exceed

\$2,000,000,000. They exceed the estimate submitted at the beginning of the last session by \$368,961,845, and exclusive of deficiencies and miscellaneous items exceed the appropriations for the current fiscal year by \$181,936,211. This is the statement put into the Record by the minority chairman of the Committee on Appropriations, and with the added remark that every appropriation bill is increased over the amount carried for the current year, with the exception of the river and harbor bill.

We are and have been at peace with all the world. We are now engaged in providing ways and means of raising this vast amount. How are we to raise it and how should we raise it? are the questions. The present bill, among other ways, provides for the issuance of Government bonds. Some of this bond money will be used to pay current expenses. With that I am not in sympathy and do not agree. While aiming to reach the over-reaching corporations, it metes out a staggering blow to the legitimate manufacturer and sends a shock through our domestic concerns engaged in close competitive trade and pursuits, employing labor and paying a just wage. The tax is measured by the amount of business done. I am not in accord with this method of direct taxation. I stand for the American manufacturer against the foreign manufacturer. I am for the American laborer and for a fair wage and a legitimate return to the employer of labor. I believe in a protective tariff. My district stands for it, and the State of Michigan stands for a protective tariff, not for the protection alone but as the best way of raising our revenue.

Among the items going to make up the deficiency of the Treasury and calling for the issue of bonds and a new method of taxation are to be found:

Already expended in the Mexico situation.....	\$162,000,000
To be spent in flood control.....	50,000,000
To purchase ships.....	50,000,000
For constructing a nitrate plant.....	20,000,000
For constructing an armor-plate plant.....	11,000,000

In all 293,000,000

Of course, having spent the \$162,000,000 already in Mexico, we must now raise it somehow, but we could by hook or crook defer the others to a more opportune time. Until the Republicans are restored to power, and then it will not be necessary to raise it at all.

My colleague, Mr. FORDNEY, of Michigan, demonstrated yesterday very clearly that under a Republican protective tariff properly levied, carrying no greater rate than the Payne bill, would have paid even for these expenditures, and the sale of the Panama bonds would have met the additional appropriations now proposed. When the Republicans went out and the Democrats came into power there was a cash balance of \$130,000,000 to the credit of the Government in the Treasury of the United States. Now, we have a deficiency of \$300,000,000. This change was brought about since the change of administration, and we have been at peace with all the world all the time. So say our Democratic brethren.

THE PROPOSED BILL.

The proposed bill is divided into four separate parts called titles, viz, Title I, which specifies that the revenue collected under Title II of this act and one-third of the receipts collected under Title III, together with the additional revenue collected under the act of September 8, 1916, to the extent of \$175,000,000, shall constitute a special preparedness fund; Title II, the excess profits tax; Title III, the amended estate tax; and Title IV, miscellaneous, which provides (1) for a bond issue, (2) for the issue of additional certificates of indebtedness, and (3) that the Commissioner of Internal Revenue may have authority, within his discretion, to require a corporation to state in its return to whom it has paid dividends and the amount thereof.

TITLE I—SPECIAL PREPAREDNESS FUND.

This title provides that the receipts from the excess profits tax and one-third of the receipts from the estate tax provided in this bill, together with \$175,000,000, the additional revenue collected from the taxes levied in the revenue act of September 8, 1916, shall be set aside as a special preparedness fund to be used toward defraying the expenses for the Army and Navy and fortifications. It is provided, however, that should there be no other money available in the Treasury to meet current obligations that the Secretary of the Treasury may use this fund for other purposes, but any sums so disbursed must be returned to this fund.

TITLE II.

Which is too long to quote, provides for a new and additional tax on corporations and is called "excess-profit tax" on its net income.

Under it a corporation first determines its gross profits.

Then from these gross profits deduct, first, the cost of operation; second, all taxes paid; third, \$5,000 in cash; fourth, 8

per cent on the total value of the capital stock or property invested in the corporation; fifth, then 8 per cent goes to the Government.

Then the corporation must pay to the Government 8 per cent on the balance after the above deductions are made. This might seem reasonable, but when we take into consideration what corporations now pay, it will be found to be an added burden and takes from the surplus earnings of the association.

But it is said that a corporation making more than 8 per cent upon its investment ought to be willing to pay this additional tax. Already corporations are singled out for meeting many local demands. A letter just received states on corporations:

1. A tax is levied by the State on the original capital at the time of incorporation.
2. A further tax by the State is levied on all increases of capital.
3. The Michigan Securities commission have to be paid a tax on all new stock or bonds authorized.
4. Once a year a tax is levied for State, county, school district, country roads, and other special objects.
5. Once a year a tax is levied by the city or municipality.
6. Along comes "Uncle Sam" with a tax on capital stock.
7. Again he appears and taxes the earnings above a small amount.
8. Then, in case any of the earnings of a company are distributed, either as dividends or kept in the company and capitalized, and certificates issued to the stockholders, then "Uncle Sam" again levies a tax on the individual, if he happens to hold any considerable amount of interest in the company.
9. On top of that, corporations are the targets of all sorts of charities, including foreign relief funds, local charities, Young Men's Christian Association, Young Women's Christian Association, hospitals, churches, public celebrations of all kinds, etc., ad infinitum.

We all have our burdens, and corporations and manufacturers are not exempt. I am opposed to this bill. [Applause on the Republican side.]

Mr. KITCHIN. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. REILLY] 10 minutes.

Mr. REILLY. Mr. Chairman, the pending bill is correctly entitled "A bill to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications," because without these increased appropriations there would be no occasion for a special revenue measure.

The revenue bill of the last session of Congress should also have been thus entitled, because if it were not for the increased appropriations for national defense made during that session there would have been no occasion for new revenue legislation.

The Underwood tariff bill, with its income-tax feature, has surpassed the expectations of its framers as a revenue producer. In the first year of its existence, before the war, it produced \$10,000,000 more revenue than the Payne-Aldrich tariff bill did in its last year. If the European war had not intervened, the Underwood tariff bill would have met every revenue requirement of the Government.

From the beginning of civil government two systems of taxation have had their advocates, and it might be said that many of the great contests of the world have been waged around the question of taxation. The right to tax and the method of exercising that right have been two great issues that have often resulted in conflicts. One of these systems is known as the direct and the other as the indirect system of taxation. The indirect system of taxation has always been favored by the wealthy classes, and is represented in legislation by tariff duties which place the tax upon consumption, while the direct system of taxation, represented in this country by the income tax and the inheritance tax, taxes a man according to his ability to pay.

The Republican Party has always stood for the indirect system of taxation—the taxing of a man's necessities—while the Democratic Party has always been the advocate of the direct system of taxation, which taxes a man according to his ability to pay.

During the present administration the Democratic Party has demonstrated its friendliness for the direct system of taxation by the enactment of an income-tax law and an inheritance-tax law, and by proposing for enactment into a law of the pending measure, which provides for an excess-profit tax.

These three great taxation measures, whereby the wealth of the country will be compelled to pay its just share of the taxes necessary for the support of the Government, will during the next fiscal year bring into the United States Treasury approximately \$500,000,000 that our Republican friends would have raised through tariff duties, under which, according to distinguished leaders of their own party, the tariff barons would be able to collect \$3 for every dollar that found its way into the National Treasury. In other words, if our Republican friends could have their way, the people of the United States would have to pay \$1,500,000,000 as consumption taxes in order that \$500,000,000 of revenue might be placed in the National Treasury.

Our Republican friends would raise this huge sum needed to finance our program of preparedness by going back to the

Payne-Aldrich tariff bill, a bill that was so iniquitous as a taxing measure as to call forth the most strenuous opposition and denunciation from many of the leaders in their own party. The Hon. H. E. Miles, of Racine, Wis., a distinguished Republican and leading manufacturer, and who at one time was president of the National Association of Manufacturers, declared that the tariff graft was the greatest steal in the world, and that it robbed the American people of five hundred millions a year. The Hon. Francis E. McGovern, twice Republican governor of the State of Wisconsin and once a Republican candidate for the United States Senate, declared that the Dingley tariff law robbed the people of \$500,000,000 a year, and that during its 10 years of existence had unjustly taken from the consumers of this country \$5,000,000,000. The Hon. ALBERT CUMMINS, twice Republican governor of the State of Iowa and now Republican United States Senator from that State, declared that—

All of the robberies committed by all the insurance companies in all times past did not amount to one-fifth of the robberies committed under the Dingley law in a single year.

The late United States Senator Dolliver, of Iowa, a brilliant and distinguished Republican leader, made a terrific attack in the United States Senate on the Payne-Aldrich bill, denouncing it as the high-water mark of iniquitous taxation and viciously upbraiding his party for its perfidy in passing the same.

Let me inform you, my Republican friends, that even if you were disposed to go back to the service of the tariff barons and write another Payne-Aldrich bill, you could not come within a gunshot of raising the necessary revenue to finance the preparedness program of the present Congress, the enormous appropriations for which you are equally responsible with the Democratic membership of this House.

Why, your dear old Aldrich law, that represented protection run mad, raised through customs duties only \$333,000,000 in 1910, its first year; \$314,000,000 in its second year; \$311,000,000, its third year; and only \$318,000,000 its last year. At no time during its four years of existence did it come within \$15,000,000 of collecting the receipts of its first year. And why? Because in your desire to serve the tariff barons you had put the tariff rates so high that many of them were prohibitive.

If the Payne-Aldrich bill had remained on the statute books during the war until the present time, and no new revenue legislation had been enacted, the National Treasury would be confronted with a much larger deficit than it has to contend with to-day, for the reason that since the war began the importations of tariff-bearing articles or articles that carried tariff duties in the Payne-Aldrich bill has fallen off, with the exception of wool, which was placed on the free list in the Underwood bill.

The contention of the gentleman from Michigan [Mr. FORDNEY] that his party would raise the necessary revenue to support the National Government to-day by a tariff is ridiculous, in view of the fact that when his party was in full control in this House at a time when the expenditures of the Government were hundreds of millions annually below what they are to-day it confessed its inability to raise sufficient revenue under tariff duties by levying a tax upon business in the shape of a corporation tax—a tax that the gentleman now rails against as a tax on thrift.

It seems that some of the Republican Members of this House are in favor of tariff duties because they believe that the foreigner pays the tax. I really did not expect to hear the argument, that the foreigner paid the tax, advanced in this debate. And I was much gratified to hear the gentleman from Pennsylvania [Mr. MILLER] state a few moments ago that he had been making Republican speeches for 50 years, and that he had never attempted to argue that the foreigner pays the tax. I congratulate the gentleman from Pennsylvania, and I assure him that it is a real pleasure to the Members on this side of the House to learn that there is at least one Member on the Republican side of this Chamber who refuses to sit still and permit members of his own party to argue that the foreigner pays the tax, without entering his solemn protest against such a line of argument.

Everybody knows the argument that the foreigner pays the tax has done valiant service for the tariff barons in many a political campaign, but I assumed that by general consent among Republicans the argument had been abandoned as unworthy of presentation to intelligent human beings. And I take it that this abandonment took place when the Republican Party promised the people of the United States, in its 1908 platform, to reduce the tariff if returned to power. Of course, if the foreigner paid the tax, no party, not even the Republican Party, would have been justified in reducing the tariff, and thereby transferring the burden of taxation from the shoulders of the foreigner to the shoulders of our American citizens.

I want to say to our Republican friends that if you believed in 1908 the bunk that some of you talk to-day, that the foreigner pays the tax, your platform plank on the tariff in 1908 was a treasonable betrayal of the people of this country.

The pending bill increases by 50 per cent existing rates in the present inheritance-tax law; it levies an excess profits tax on corporations, co-partnerships, and joint-stock companies of 8 per cent on the net earnings; in excess of 8 per cent on the capital invested, plus \$5,000. It is estimated that these two provisions of the present bill will bring into the Treasury annually about \$240,000,000 in revenue.

The bill also provides for the issuing of \$303,000,000 of bonds. These bonds are to take care of the expenditures incurred in the mobilization of our troops on the Mexican border, in the building of the Alaskan railroads, in the purchase of the Danish West Indies Islands, in the building of a nitrate plant, in the construction of a Government armor-plate plant, and in the up-building of a merchant marine.

While this measure in all its particulars does not meet with my approval, still on the whole I believe that it provides the best method for raising the revenue necessary to take care of our preparedness program. Under its terms the tax burden of preparedness is placed where, in my judgment, it ought to be placed—upon wealth, upon those who are best able to pay, and not, as our Republican friends would have, upon all who consume, without regard to their ability to pay.

There has been much said in this debate about the reckless extravagance of the present administration, and it has been charged that if the Democratic Party had been as economical in its administration of the affairs of the Nation as the Republican party was there would be no occasion for emergency revenue legislation.

There is only one real way of determining the question as to whether or not the Democratic Party has been more extravagant in the expenditure of public funds than the Republican Party, and that is by a comparison of records. I marveled as I sat in this debate and listened to some of my friends on the other side of this aisle extolling the economical record of the Republican Party, and I wondered if the gentlemen who were speaking of their party's record in the matter of appropriations really knew what that record was, or were they speaking as they hoped it was.

In the 12-year period beginning with Grover Cleveland's first administration and ending with his last administration, two-thirds Democratic period, appropriations for a single Congress were increased from \$655,000,000 in the Forty-eighth Congress to \$954,000,000 in the Fifty-fourth Congress, or about 50 per cent increase, while in the 12-year period of exclusive Republican rule, under Presidents McKinley and Roosevelt, appropriations were increased for a single Congress from \$954,000,000 in the Fifty-fourth Congress to \$2,114,000,000 in the Sixtieth Congress, or an increase of more than 100 per cent, and during President Roosevelt's last four years the appropriations were increased more than \$750,000,000 over the appropriations for his first four years.

It might be observed in passing that the enormous increases in appropriations of \$750,000,000 during Roosevelt's last term over his first term occurred when our country was at peace with the world and when there were only ordinary appropriations made for the national defense.

If we eliminate expenditures for the maintenance of the Post Office—which, by the way, should be eliminated in all comparisons of appropriations for the reason that as a general proposition the Post Office is self-sustaining under Democratic rule—we find that the present administration during the Sixty-third Congress increased expenditures of the Government about \$50,000,000 over the limit reached in the Sixtieth Congress, a Republican Congress, Mr. Roosevelt's last Congress, six years prior. While the said Sixtieth Congress, a Republican Congress, increased the appropriations, eliminated appropriations for post offices, more than three hundred and fifty millions over the total appropriations for the Fifty-seventh Congress, six years prior.

As a further comparison, if we take the Sixty-second and Sixty-third Congresses, the first two Congresses in which the Democratic Party was in full control in this House, and compare the appropriations of these two Congresses with the two immediately preceding Republican Congresses, we find, eliminating Post Office appropriations, that the total appropriations for these two Democratic Congresses were only seventy millions more than the appropriations for the two immediately preceding Republican Congresses, while during the said two preceding Republican Congresses appropriations were increased more than four hundred and fifty millions over the two immediately preceding Republican Congresses.

Increased appropriations in both Democratic periods herein compared with former Republican periods are made up largely of appropriations for the support of the Post Office, for the upbuilding of the Navy, and the strengthening of the Army, and for more liberal pensions for the old soldiers.

I take it that none of our Republican friends who have denounced the Democratic Party as a party of extravagance will stand on the floor of this House or elsewhere and condemn the Democratic Party for its liberal treatment of the veterans of our wars, for increasing the appropriations for the Army and the Navy, and for the expansion of our postal facilities.

Thus it would appear that if we eliminate the increased appropriations of the present administration concerning which there is no conflict or dispute the Democratic Party during its first four years of complete control in this House has kept the ordinary expenditures of the Government down to about what they were under Republican rule at periods of four and six years prior to the Democratic Party's control in this House, an accomplishment that points to economy and not to extravagance in appropriations in view of the record of the Republican Party in increasing by leaps and bounds appropriations for the support of the Government.

However, while the Republican Party during its 16 years of power paid practically no attention to economizing in national expenditures and left a record of reckless extravagance in appropriations unequaled by any party in the history of this Government, it is a fact that during President Taft's first two years an effort was made by that party to economize, and strange as it may seem, the party that prides itself on being the party of national defense began its record of economy by cutting down the appropriations for the Army and the Navy. During the first two years of President Taft's administration appropriations for the Navy were reduced from \$136,000,000 in the last session of the Sixtieth Congress to \$131,000,000 and \$126,000,000 in the first and second sessions, respectively, of the Sixty-first Congress, and the appropriations for the Army were cut down from \$101,000,000 in the last session of the Sixtieth Congress to \$95,000,000 and \$93,000,000 in the first and second sessions, respectively, of the Sixty-first Congress, President Taft's first Congress. The reduction in the Army and Navy appropriations in President Taft's first Congress, together with decreased appropriations for pensions, were largely responsible for the showing of economy made by the Republican Party in the Sixty-first Congress.

I believe that the gentleman from Illinois [Mr. MADDEN] made a statement to-day that the Republican Party made the American Navy the second navy in the world. Whether that statement be true or not, the fact remains that the Republican Party began to unmake our Navy and our Army in the first and second sessions of President Taft's first Congress by cutting down appropriations for the support of both of these arms of our national defense.

We have heard much in this debate about Democratic pork—river and harbor and public-buildings bills. Let us appeal to the Record again, which shows that President Taft during his administration signed river and harbor bills and public-buildings bills—pork bills now, but wise and economical appropriations then—that carried almost \$90,000,000 more than what President Wilson during his first term will sign if he signs the public-buildings bill and the river and harbor bill recently passed by this House. In other words, my dear Republican friends, your Republican President Taft, as chief of your economical party, permitted legislation carrying \$250,000,000 of so-called river and harbor and public-buildings graft to become laws, while President Wilson in the same length of time, as the head of what is termed an extravagant Democratic administration, will permit, if he sign all of these bills passed by this House to date, only \$159,000,000 of such legislation to pass.

Now, my Republican friends, are you not really ashamed of yourselves to be talking about this administration as a pork-barrel administration, in view of the record of your own party along the line of pork?

The gentleman from Nebraska [Mr. REAVIS] stated a few moments ago that he had not voted for the public-buildings bill or the river and harbor bill, and that he was not responsible for all the increased appropriations of the present Congress. I congratulate the gentleman on his vote, and will state that I have not voted for a river and harbor bill or a public-buildings bill during my almost four years' service in this House; but I desire to call the gentleman's attention to the fact that in his opposition to large appropriations he is very lonely on his side of this Chamber. He has but few associates in his fight for economy, because it is a matter of common knowledge and of record that practically every effort to reduce appro-

priations during the present Congress has met with the almost solid opposition of the Republican side of this House.

I venture the statement that no party in the future will be able to reduce the ordinary expenditures of this Government. The Government is growing, growing rapidly by the establishment of bureaus and boards. People are demanding that the Government do so many things for them not heretofore considered governmental duties that the ordinary governmental expenses must necessarily increase, and all that any party can hope to do as the watchful guardian of the Public Treasury is to keep the ordinary appropriations from increasing unreasonably.

While I do not claim that the Democratic Party has done all that it should do in the way of curtailing and economizing in public expenditures, it does appear from the record, to use the language of the gentleman from Pennsylvania, Gen. Hulings, who occupied a seat on the Republican side of this Chamber in the Sixty-third Congress, that "it lies not in the mouth of the Republican Party to charge the Democratic Party with extravagance."

I have made no reference to the appropriations of the present, the Sixty-fourth, Congress for the reason that more than \$1,000,000,000 of the increased appropriations of this Congress already made or to be made are and will be the answer of Congress to an apparent public demand for increased expenditures for the national defense, and for these increased appropriations the Republican side of this Chamber must share equal responsibility with the Democratic side.

The gentleman from Pennsylvania [Mr. GARLAND] indulged the House this afternoon with a tariff argument that must have caused some of his colleagues on his side of the Chamber to retire to the cloakroom so that they could indulge in a quiet laugh.

I presume the gentleman thought that, inasmuch as others on his side had seen fit to urge in this debate the argument that the foreigner pays the tax, he was justified in bringing forth from the political grave of the past another of the tariff barons' arguments, to wit, that the Wilson Democratic tariff act of 1894 brought on the panic of 1893.

I have no doubt at all but that the gentleman from Pennsylvania has heard the 1893 tariff panic argument so often from Republican campaign speakers in the past that he has really come to believe that there is something in it.

Of course, all who are familiar with the history of the great panic of the nineties know that the said panic began in May, 1893, about 2 months after Benjamin Harrison left the White House, and 14 months before the Wilson tariff bill became a law.

According to the argument of the high-tariff advocates, the panic of 1893 was caused by a reduction of the tariff duties in the Wilson tariff bill, which reduced duties permitted our markets to be flooded with foreign-made goods and caused our factories to be closed and our laboring men to be thrown out of employment. This argument sounds well, and it has rendered great service to the Republican Party in several campaigns, but unfortunately the argument is based upon supposed facts and not upon real facts.

There was no flooding of our markets with foreign-made goods during any part of Grover Cleveland's administration or during the life of the Wilson tariff bill.

During the four fiscal years of Cleveland's administration and the life of the Wilson tariff bill our total imports were \$400,000,000 less than during the four previous years of Harrison's administration under the McKinley tariff law, and for the fiscal year ending 1894, the first year of Cleveland's last administration, our imports of manufactured articles and articles for further use in manufacturing, the only two lines of imports that competed with American factories and American laboring men, were \$133,000,000 less than our imports of the same kind of articles for the previous year under Republican rule.

During President Cleveland's last four years our imports of manufactured articles and articles for further use in manufacturing were \$221,000,000 less than the imports of the same kind of articles during the previous four years of President Harrison's administration; during each of the fiscal years of President Cleveland's last administration, before and after the passage of the Wilson tariff bill, our imports of manufactured articles and articles for further use in manufacturing did not equal for a single year, not to say exceed, the imports of the same kind of articles of the corresponding years of President Harrison's administration under a Republican tariff law.

The record of exports during the Cleveland second administration and the life of the Wilson tariff law does not indicate that our factories and our laboring men could have suffered any

loss of business or employment because of the passage of the Wilson Tariff Act.

During the first fiscal year of the second Cleveland administration our exports of manufactured articles and manufactured articles for further use in manufacturing, exports that meant employment for American factories and American laboring men, increased \$24,000,000 over the previous fiscal year under the Republican tariff and Republican rule, and the total exports of manufactured articles and articles for further use in manufacturing, during the four fiscal years of Cleveland's second administration and the Wilson tariff law, show an increase of \$249,000,000 over the previous four years of Republican rule under a Republican tariff law. The last year of the so-called free trade Democratic Wilson Tariff Act our exports of manufactured goods and manufactured goods for further use in manufacturing, reached the high-water mark of \$311,000,000, an increase of 75 per cent over the last year of Benjamin Harrison's administration, and our total exports for the last year of the Wilson tariff bill also reached the high-water mark of \$1,032,000,000, or \$17,000,000 more than the best Republican year of 1892, and \$200,000,000 more than the last Republican fiscal year of 1893.

In view of the foregoing record of decreasing imports and increasing exports of manufactured articles and manufactured articles for further use in manufacturing, during President Cleveland's second term and during the life of the Wilson Democratic tariff law, it is no wonder that the late Senator Dilliver, an able Republican leader, declared in the 1910 tariff debate in the United States Senate that he never believed that the Wilson tariff law brought on the panic of 1893.

What sane man could believe that a law that was not passed until 14 months after the panic began could have been responsible for the panic? What sane man could believe, in view of the customhouse record of that period, which tells of fewer manufactured goods coming into our country and more manufactured goods going out from our country to other markets, that such conditions could be responsible for a panic?

The gentleman from Pennsylvania [Mr. GARLAND] also charged that the Underwood tariff bill had ruined American industries and deprived millions of our workingmen of their jobs, by permitting through lower duties foreign manufacturers to flood our markets with their wares. Again the gentleman from Pennsylvania is simply repeating the arguments of the tariff barons, arguments based upon supposed and not real facts.

With all due respect to the distinguished gentlemen who have been talking about the ruinous effect of the Underwood tariff bill upon our industries, let me state that the records of imports and exports do not show that there has been any unusual increased importation of the manufactured products of the world into our country to compete with our factories and our laboring men since the enactment of the Underwood tariff law. The fact of the matter is, the record shows that our factories and our laboring men have had less competition from the manufactured products of foreign countries since the Underwood bill became a law than they would have had if the importation record of the Payne-Aldrich bill had continued down to the present time.

During the fiscal year 1913, the last fiscal year of the Payne-Aldrich bill, our imports of manufactured articles ready for use and manufactured articles for further use in manufacturing increased more than one hundred millions over the imports of the same kind of articles for the previous fiscal year. During the fiscal year 1914, the first fiscal year of the Underwood tariff bill, our imports of manufactured articles ready for use and manufactured articles for further use in manufacturing increased only eleven million over the imports of the same kind of articles in the fiscal year 1913, the last year of the Payne-Aldrich bill; during the fiscal year 1915, under the Underwood tariff bill, our imports of the same kind of articles amounted to one hundred and eighty million less than the imports for the last fiscal year of the Payne-Aldrich tariff bill; and for the fiscal year 1916 our imports of the same kind of articles, manufactured ready for use and manufactured articles for further use in manufacturing, amounted to eighty-two million less than the last year of the Payne-Aldrich tariff bill, the fiscal year of 1913.

Where are the manufactured goods the product of foreign cheap labor we have been told came to this country after the passage of the Underwood bill that closed so many of our factories? Is it possible that these importations of foreign goods existed only in the imagination of the high-tariff advocates? Well, it looks very much, from the record, that such is the case. Increased importations? No; decreased importations to the amount of more than two hundred million is the record of the Underwood bill down to the fiscal year ending June 30, 1916, in the matter of manufactured articles ready for use and manu-

factured articles for further use in manufacturing, two lines of imports calculated to take business from our manufacturers and work from our laboring men.

It has been charged in this debate, not only that the Underwood bill had seriously crippled American industries before the war broke out but also the charge has been made that when the European war is over, judging by present imports, our markets will be flooded with foreign-made goods and our industries ruined. In this after-the-war argument we recognize an old friend of the recent campaign. During the political battle that has passed into history the Republican spellbinders, when they did not think it safe to announce to an intelligent audience that the foreigner paid the tariff tax, put in their time in telling the laboring men, the business men, the manufacturers, and the farmers what was going to happen to this country when the war was over.

The Republican stump orator would exclaim, if our imports from foreign countries can increase \$500,000,000 in a single year, when 20,000,000 of the workingmen of Europe are engaged in destroying each other upon the fields of battle, what will become of our industries when the war is over and these millions of men are returned to the workshops of Europe?

Of course, such an unqualified statement was calculated to terrify American manufacturers and American workingmen. There can be no doubt at all but that the after-the-war argument was worked to the limit by our Republican friends, and in many places it was a success as a vote winner.

The record, as I have shown, disproves completely the charge that our manufacturers received any ruinous competition from foreign countries before the war, as a result of the passage of the Underwood tariff bill. The record also disproves the charge that our industries are menaced or will be menaced when the war is over, because of the fact that we imported last year \$500,000,000 more of foreign goods than we imported a year ago.

It is true that our imports during the last fiscal year increased \$500,000,000 over what they were a year ago, but what kind of products made up this enormous increase of imports? Manufactured products ready for use or consumption? No. Manufactured products to be used in further manufacturing? No. The record discloses that this large increase of \$500,000,000 in our imports in a single year was made up largely, if not entirely, of raw materials for use in our factories, and as shown by the records during the fiscal year, of this enormous increase in our imports of all classes of articles, \$82,000,000 less of manufactured articles ready for use and manufactured articles for further use in manufacturing were imported than the last fiscal year of the Payne-Aldrich bill. In other words, while our total volume of imports for the last fiscal year exceeded by several hundred million dollars our total volume of imports for the last year of the Payne-Aldrich bill, our manufacturers and our laboring men had to contend with \$82,000,000 less of competition from foreign countries.

There is a vast difference between importing into our country raw materials for use in our factories and the importing of manufactured articles ready for sale. The importing of manufactured articles ready for sale may take work from our factories and laboring men, while the importing of raw materials gives work to our factories and our laboring men. You can not close the factories of this country by importing large quantities of raw materials.

Both parties in the past have stood for free raw materials as essential for our industrial development. The fact of the matter is, the large increased importations of raw materials during the past fiscal year, and which fact was taken advantage of by our Republican friends in the recent campaign for the purpose of terrifying the business and laboring world, made it possible for our factories to break all records in turning out manufactured products, and without the hundreds of millions of increased importations of raw materials many of our factories would have been idle and hundreds of thousands of workingmen out of employment.

I do not know what will happen after this terrible European war is over. The gentleman from Michigan [Mr. KELLEY], who made an eloquent speech this afternoon, telling of the large number of our men that were employed to-day on foreign orders, orders resulting from the European war, does not know what the industrial conditions will be when this great war is over. No living man can foretell what economic industrial conditions are going to follow in the wake of Europe's mad war. History furnishes no parallel by which to judge of coming events. However, I do know that in the Underwood tariff bill we have the highest tariff rates of any protective-tariff country in the world, except Russia, to protect our industries from foreign competition. I do know that we have an antidumping law designed to prevent

the flooding of our markets with cheap, foreign products after the war, and I do know that the present administration has provided a Tariff Commission with powers to investigate and to advise Congress as to the tariff rates necessary to meet any changes in economic conditions that may exist when Europe once more becomes a land of peace.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Minnesota [Mr. SMITH].

Mr. SMITH of Minnesota. Mr. Chairman, if you want to please a man, tickle his stomach; if you want to displease him, strike his pocketbook. When you come to the raising of taxes, you always affect the pocketbook. The question that is before us for consideration is whether or not the bill that the majority has offered is such a measure as we can support, notwithstanding it will affect the pocketbook.

H. R. 20073 is only another instance of the incompetency and extravagance of the present administration in its handling of our domestic affairs. This makes the fourth revenue bill that it has adopted within four years—something that has never happened before since the creation of the Government, not even during the Civil War—and the strange thing about it is that each of your revenue bills is less scientific and more unsound than its predecessor. Judging by your last attempt either you have not tried to frame an intelligent measure or you do not know how. You have taken the simplest way, and that is to tax a few fellows whom you think have some money. You claim this to be the effect of your bill. In this you are incorrect as usual. Under your administration of affairs the Federal Government will have to collect \$2,300,000,000 in taxes for the fiscal year ending June 30, 1918, to pay for your recklessness, while the American people under a Republican administration in the fiscal year ending June 30, 1913, were only required to raise \$664,000,000 to defray the expenses of the Federal Government and \$1,466,000,000 to defray the expenses of State, county, and municipal governments. You are now compelling the American people to pay more than \$200,000,000 more for carrying on the Federal Government than it cost in 1913 to pay all the expenses of running the Federal Government as well as the State and municipal governments. Prior to your taking over the administration of affairs the amount of State, county, and municipal taxes was twice the amount spent for carrying on the affairs of the Federal Government, but since you got control it has cost the Federal Government \$833,000,000 more to carry on its affairs than it cost the States, counties, and municipalities of this country to carry on their governments in 1913. In view of these facts it is not surprising that you are ready to cover up your shortcomings, be what they may.

The imposition of an inheritance tax by the Federal Government will work a great injustice to the laboring classes of our country, because it will rob them of the ability to maintain a home, which is just the reverse of what the authors of this bill claim for it. They claim that its great merit lies in the fact that it taxes the rich and lets the man of average means go scot free. I take issue with them on this proposition, and I am confident that I can demonstrate beyond question that a Federal inheritance tax will work a hardship on the masses of our people, because it will materially increase their State, county, and city taxes.

As a general proposition I am in favor of an inheritance tax. No one familiar with the subject of taxation would in this hour of progress proclaim against it. However, I am opposed to the Federal Government imposing such a tax, because by doing so it robs the States of the ability to obtain revenue from inheritances. Forty-two of our forty-eight States are now deriving a considerable revenue from this tax.

It is not a new legislative invention for raising public funds, but, on the contrary, has been in vogue since very early times. Gibbons, the historian, claims that Emperor Augustus originated this method of taxation to support the Roman Army. It was introduced into Great Britain in 1780 by Lord North, and has been resorted to by nearly all of the European countries. In 1826 Pennsylvania adopted it, since which date 41 other States of the Union have made it a part of their tax system. From the standpoint of those who agree with the French tax commissioner, that "the science of taxation consists in plucking the most feathers with the least squawking," it is perfect.

The ability or faculty to pay has come to be the test in determining the justice of this tax, as has been well stated by the Supreme Court of Minnesota in State against Bazille, Ninety-seventh Minnesota, page 11. Seligman, in his excellent work on taxation, has this to say in reference to the ability-to-pay test:

That it is not only the basis of taxation but the goal toward which society is steadily working. It lies instinctively and unconsciously at the bottom of all our endeavors at reform.

Notwithstanding we are in full accord with this method of raising revenue, we recognize a very serious objection to it when it is resorted to to fill the coffers of the Federal Treasury at the expense of the small property owner, as does the present bill. When the Federal Government attempts to impose new and additional taxes upon the people it should take into consideration the tax burdens that its citizens are already carrying in the support of their municipalities, counties, and States.

Under our dual system of government State and local taxes greatly exceed in amount Federal taxes, except when the Democrats are in power, and this condition will prevail so long as the States continue to perform their part of the contract of union, which was to do everything possible for the enlightenment, comfort, and happiness of the people within their borders not expressly delegated to and undertaken by the Federal Government. Realizing their obligations to their citizens, the States have vied with each other in establishing and maintaining excellent public-school systems, extending to rich and poor alike on terms of absolute equality the opportunity to get an education; in building asylums, reformatories, and prisons for the unfortunates; in establishing and maintaining free hospitals for the sick and infirm; and in a thousand other ways helping the people in their battle against the vicissitudes of nature. The things that affect us in our everyday life can be better performed by the States and municipalities; they are closer to the public. Through their personal touch and intimate knowledge, local officials can better discharge their duties and obligations to the people than the Federal officials, who are far removed from the home life of the average citizen and who are more chiefly concerned with formulating and initiating our foreign policies. Until recently the officers of the Federal Government gave but little of their time to foreign affairs.

But since the Spanish-American War the isolation of the United States is past. With its passing a colossal responsibility has been imposed upon the General Government which at times monopolizes its attention to the exclusion of everything else. Therefore, instead of surrendering to the Federal Government matters of local concern, as has become the custom of late, we should resist every effort which, if successful, will deprive the State of exercising power and control over matters inherently local. Those functions of government that are local in their character belong to the States and should be jealously guarded. For the last 127 years we have adhered to this basic principle, and in the light of the success that has come to us, it would be an act of folly to abandon it. Instead of decreasing the activities of the State they should be materially increased, and as they are increased there will be a corresponding increase of local taxes. In 1913, under existing conditions, the American people paid in taxes for all governmental purposes—Federal, State, and local—the following sums:

General Government.....	\$664,000,000
State	307,000,000
County	310,000,000
Municipalities.....	850,000,000
Total.....	2,103,000,000

It will be seen from the foregoing that the head of the average American family is compelled to pay \$75.50 per year for the support of his State and municipality, and \$32.30 for the Federal Government, making in all a tax of \$110 per family. Heretofore the bulk of Federal taxes have been derived from duties on imports, and excise duties, such as that imposed on tobacco and liquors. When the majority of the State constitutions were framed the only form of taxation provided for was that on property. The authors of these documents were more concerned about "the rule of equality of taxation" than they were over a new source of revenue, as the old sources were then but slightly tapped.

HOME OWNERS.

Taxes were not burdensome as now. In our modern city the mechanic, artisan, and man of small means could afford to own his own home. Alas! That time is rapidly passing and the enactment of this measure will materially hasten it. It is claimed by the proponents of this bill, the Democratic Party, that it is designed to make those who can best afford it pay this tax. If this is its only effect, then the only objection that could be urged against it is that it is unnecessary. While I am satisfied that under anything like an economic and business administration of our public affairs this tax would be unnecessary, I am not going to attack it on that ground, but on the ground that it takes from the States their only indirect source of revenue, which they must retain if they expect to remain a community of home owners.

By the Constitution of the United States the great source of revenue to be found in duties on imports was reserved to the

General Government alone, and it was the policy of the founders of the Government to use the duties on imports as the normal source of the national revenue. The field of direct taxation was left to the States, and it was tacitly understood that this field was not to be invaded by the General Government except in times of stress. As the activities of the State and municipal governments broadened and increased additional revenues had to be secured, and 42 of the 48 States have passed inheritance-tax laws to meet this ever-increasing demand for funds with which to not only carry on the ordinary functions of government but to perfect and extend the public-school system, to provide more liberally for dependents, and in other ways to bring home to the people more of the blessings of a wise and munificent Government.

Every dollar raised by the States in this way relieves the small property owner of a part of his tax burden and tends to keep the tax at a point where he could meet it and save his home. The effect of this bill will be to deprive the States from ever-increasing inheritance-tax rates, and thus limiting this source of revenue to its present amount. The excuse offered for such a performance is that the States never have derived a very large revenue from this tax. Neither did the Federal Government derive any tax at all from incomes until very recently.

If the Federal Government forecloses the State's opportunity to increase its revenue from inheritances because it has not as yet worked this field to the limit, can not the States follow the same line of argument with equal justification and demand that the Government limit or abandon its tax on incomes because it failed to impose an income tax until very recently? If under a wise national policy State, county, and municipal taxes amount to nearly three times Federal taxes, as I have clearly shown, should the only special source from which the State derives a part of its revenue be appropriated by the Federal Government when the latter has at its command a number of sources from which it can derive revenue without interfering with the State tax system?

ADMINISTRATIVE FEATURES ARE BURDENSOME.

The administrative features of the Federal inheritance-tax law are unjust in that they place an unnecessary burden upon an estate. Under section 208 of the revenue act passed by the Sixty-fourth Congress the collector of internal revenue is forced to sell the property of an estate within 14 months after the decedent's death, unless the tax has been paid prior to that time. Many times this would result in considerable loss to the estate.

It is often a question of judgment when a piece of property will bring most. On such questions the judgment of the representative of the estate is worth far more than that of the average collector of revenues, who is apt to know but little or nothing about local conditions or the value of the property. Thus the court may decide there is reasonable cause for delay, but this is after suit is brought and expenses incurred. Neither the collector nor the representative of the estate has the power under the present law to determine when a reasonable cause for delay exists. That is left to the court. Section 208 can be stricken from the law without in any way impairing the chances of the Federal Government getting the tax due it in the orderly administration of the estate under State laws. There is no necessity for such drastic legislation as this, for under State laws the court has power to order the property sold to pay any charge against the estate and to remove a representative should he fail to obey such an order of the court. The collector has access to the State court the same as any other party interested in the administration of the estate. Then why compel the collector to interfere with the administration of an estate when such interference is bound to work hardship on the estate and an interference with and a superseding of State laws and courts? The collector must bring suit in the Federal court. He is not permitted to apply for relief to the court in which the estate is being administered, but must seek relief in a Federal court. I trust that at least section 208 will be amended so as to make it possible for the collector to intervene in the State court having jurisdiction of the estate. You are demonstrating beyond any question of doubt your incompetency to administer the affairs of this great Government. [Applause on the Republican side.]

Mr. KITCHIN. I yield 10 minutes to the gentleman from Texas [Mr. CALLAWAY].

Mr. CALLAWAY. Mr. Chairman, I am not going to vote for this bill, but I am going to vote against it for wholly different reasons than any given by the Republicans. I am going to vote against it because I know there is no necessity for spending the money to be raised by this bill to increase the armaments of this country at this time. I am a member of the Committee on Naval Affairs. We had months of hearings a year ago from

experts to enable us to determine the necessities for increases in the Navy, and I challenge any man to go through the 4,000 pages of hearings and, taking them as a whole, honestly say that any necessity for additional naval equipment to meet any emergency is shown.

Notwithstanding that, last year the appropriations amounted to \$313,300,555 for the Navy, \$262,596,530 for the Army, and \$25,774,550 for fortifications. This does not include what was carried in the urgent deficiency bill, which ran the appropriations for military purposes up to \$660,338,923, nearly three times as much as had ever before been spent in the history of this country; and this year they have been increased over last year to such an extent that the chairman of the Ways and Means Committee, Mr. KITCHIN, in presenting this bill says that if we would only confine ourselves to the expenditures that we made last year, which were nearly three times as much as ever before in the history of the country, we would not have to impose this tax. For that reason I am against this bill. Not only is the tax a burden on the people, and on the whole people—talk about different people escaping the tax; it is always shifted down from the man up the ladder to the man at the bottom; he can not shift it [applause]; we are burdening the people and every industry with this additional tax to enlarge the Army and Navy; that is not necessary, and jeopardizes the very existence of the institutions that our fathers fought to establish. If we had to have this revenue this would be a better mode of taxation than the tariff. If we had to have the revenue it is about the best method of levying it we can find, and I want to congratulate the committee on their method. But I do not congratulate them on yielding to the pressure from the Appropriations Committee and bringing in this bill, and I do not congratulate them when they tell me that they were not in favor of the appropriations, that they know they ought not to be made; that they know if the Democrats had economized even in their preparedness bills this year it would not have to be made, but they can not help it, because the different committees have made the appropriations, or all prepared to make the appropriations, and we are necessarily bound to raise the fund. The Ways and Means Committee is a general committee selected from the whole country. They know what the needs are, and they know there is no need of these additional expenditures, but the Committees on Naval and Military Affairs are made up differently. These committees are self-constituted committees, coming from localities that are directly benefited by the appropriations for military purposes. Look at the Committee on Naval Affairs made up of men from the different localities containing navy yards, ordnance factories, and so forth, that are forced by the demands of their constituency to make every effort to raise the appropriations higher and higher and higher.

Mr. TILSON. Will the gentleman yield?

Mr. CALLAWAY. You can look to the other committees—just in a moment—of this House. I analyzed the Committee on Rivers and Harbors and showed how it was made up from places that had rivers and harbors they wanted to appropriate for, and the people from their respective districts pressing them for the highest appropriations; and then the Ways and Means Committee, calling itself logical, says that now, of course, "we know these appropriations were not and are not necessary, but these committees have made them, and when they have been made necessarily we are bound to raise the funds to meet them." If the Ways and Means Committee would say to these different committees, "If you make appropriations that you can not justify you can not get the money to carry them out"; and if you had iron down your backs and they knew you meant what you said they would not make such appropriations. What do you say to them? "Now, if you committees make appropriations and pledge the Congress and the country necessarily we will have to go on and raise the revenue." Tell them that your rear is open, attack you there, and drive you from your economic stand.

I now yield to the gentleman.

Mr. TILSON. I know the gentleman wishes to be accurate, and I wish to challenge the gentleman's statement so far as the Committee on Military Affairs is concerned. So far as my own appointment on that committee is concerned I have no interests in my district that ever asked for any military appropriation whatsoever.

Mr. CALLAWAY. Oh, that is true. I do not come from a naval section either; but the majority of the committee you serve on do, and the majority of the committee I serve on do.

Mr. FIELDS. Has the gentleman considered what district and what sections of the country the Committee on Military Affairs comes from?

Mr. CALLAWAY. Yes, sir.

Mr. FIELDS. Has the gentleman analyzed it?

Mr. CALLAWAY. I analyzed the different committees, because this is a thing I have argued in this House before. It is the truth. The Democratic Party, when it met at St. Louis last June, recognized the very thing that I have suggested here today, and in platform said:

We favor a return by the House of Representatives to its former practice of initiating and preparing all appropriation bills through a single committee chosen from its membership, in order that responsibility may be centered, expenditures standardized and made uniform, and waste and duplications in the public service avoided. We favor this as a practicable first step toward a budget system.

They saw the storm was rising then. As a gentleman on the Republican side said, we have had to deal four times with revenue bills made necessary by these awful expenditures that never occurred to us at the time we brought in the first revenue measure and could not have been foreseen, because there was no reason or foundation for them.

The St. Louis 1916 platform is the first platform of the Democratic Party since 1876 that did not pledge us to economy and denounce extravagance.

In 1876 we said in our platform:

We denounce the improvidence which in 11 years of peace has taken from the people in Federal taxes thirteen times the whole amount of legal-tender notes and squandered four times their sum in useless expense without accumulating any reserve for their redemption.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CALLAWAY. Give me five minutes more.

Mr. KITCHIN. I hate to give a Democrat who is going to vote against the bill any more time, but suppose I compromise with you and give you two minutes more?

Mr. CALLAWAY. I can not do anything with this awful proposition in two minutes.

Mr. KITCHIN. Then I will give you three minutes.

The CHAIRMAN. The gentleman from Texas is recognized for three minutes.

Mr. CALLAWAY. What had been the expenditures of that year which we denounced in the Democratic platform? They were \$338,128,199 for all departments of Government. For the Army for that year they were \$27,933,830, for fortifications they were \$850,000, for the Navy they were \$17,001,006.

In 1880 we congratulated the country upon the honesty and thrift of a Democratic Congress because it had reduced the total expenditures \$40,000,000 a year.

In 1884 we said in our platform:

The Democracy pledges itself to purify the administration from corruption and to restore economy in the public expenses.

And that year the Republicans had spent on the Army \$24,684,250, on fortifications \$670,000, and on the Navy \$15,894,434. Their total expenditures for that year for all purposes of Government was less than the naval appropriation bill carries for this year as it passes the House, and God knows where it will be when it comes back from the Senate. The total expenditures that year were \$355,297,875 for every department of Government.

In 1896 we said in the Democratic platform:

We denounce the profligate waste of the money wrung from the people by oppressive taxation and the lavish appropriations of recent Republican Congresses, which have kept taxes high, while the labor that pays them is unemployed.

In that year we spent \$23,225,608 on the Army, \$1,904,557 on fortifications, \$29,416,245 on the Navy, and the entire expenditures for all departments of Government were \$457,088,344 less than was expended last year on the Army and Navy alone.

In our platform of 1900 we said:

We denounce the lavish appropriations of recent Republican Congresses, which have kept taxes high and which threaten the perpetuation of the oppressive war levies.

And that year the Republicans spent \$80,430,204 on the Army, \$4,909,902 on fortifications, \$48,099,969 on the Navy, and spent for all purposes and for every department of the Government \$690,667,188, \$200,000,000 less than will be appropriated this year for the Army and Navy alone.

In 1904 we denounced the profligate waste of the Republican Party and said in our platform:

Large reductions can easily be made in the annual expenditures of the Government without impairing the efficiency of any branch of the public service, and we shall insist upon the strictest economy and frugality compatible with vigorous and efficient civil, military, and naval administration as a right of the people too clear to be denied or withheld.

That year the Republicans spent \$77,888,752 on the Army, \$7,188,416 on fortifications, and \$81,826,791 on the Navy and for all purposes and to take care of every department of Government the expenditures were \$736,578,402, less than will be spent this year on the Army and Navy alone.

In 1908 we even went so far in our platform as to specify the enormous amounts of the people's money that the Republicans had wasted. We said:

The Republican Congress in the session just ended made appropriations amounting to \$1,008,000,000, exceeding the total expenditures of the past fiscal year by \$90,000,000.

The expenditures that year for the Army were \$78,634,582, for fortifications \$6,889,011, on the Navy \$98,950,507, and the total expenditures, as named in the platform, were very little in excess of what will this year be appropriated for the Army and Navy and fortifications alone.

In 1912 we said:

We call the attention of the patriotic citizens of our country to the Democratic Party's record of efficiency, economy, and constructive legislation.

And it has passed the great supply bills, which lessen waste and extravagance, and which reduce the annual expenses of the Government by many millions of dollars.

That was the record the Democratic Party went before the country on in 1912 as an earnest of what they would do if they were elected. They were elected by an overwhelming and unprecedented vote. That year the Republican administration had spent \$93,374,755 on the Army, \$5,473,770 on fortifications, \$126,478,338 on the Navy, and for all purposes of government \$979,382,852, very little more than this Democratic administration will spend on the Army and Navy and fortifications this year, and I predict decidedly less than they will waste on the Army and Navy and fortifications in 1917.

The fortifications bill for last year as it passed the House carried \$21,997,000. When it came back from the Senate and passed the House it carried \$25,747,000. This year as it passed the House it carried two and one-half times as much as it did when it passed the House last year, or \$51,396,593. If the Senate raises that in the same proportion as it did the fortifications bill a year ago, it will carry over \$63,000,000 when it comes back from the Senate.

The naval bill has been reported from the committee, carrying \$351,453,000. Last year as it was reported from the committee and went through the House on first passage it carried \$241,449,000. As it came back from the Senate and finally passed the House it carried \$313,384,000. I predict that it will be increased in greater proportion this year by the Senate than it was a year ago. If so, when it comes back from the Senate and passes the House it will carry \$475,000,000, and there is not a mortal son of Adam that can give a reasonable and sensible reason for the most of the expenditures in the naval bill this year. They are for battleships and battle cruisers that can not possibly be completed within less than three to four years, and no sane mortal who is honest can give a decent reason for an appropriation at this time for something that we can not get within less than three or four years.

Yet the Ways and Means Committee allows these military expenditures to be hoisted by the newspapers of this country and the clamor from the ammunition manufacturers to force them to bring in this revenue bill saddling additional burdens on the already bent backs of the American toiling masses.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. FULLER].

Mr. FULLER. Mr. Chairman, I have been much interested in listening to the gentleman who has just addressed the committee [Mr. CALLAWAY] in his reading of extracts from Democratic platforms of former years, wherein the Republican Party was charged with extravagance in appropriations and the Democratic Party promised retrenchment and reform by reducing appropriations and administering the Government on an economical basis. I observe that the gentleman's colleagues on the other side of the House did not relish reference to those platform promises, in view of the fact that since they came into power appropriations have increased by hundreds of millions of dollars over any former years when the Republican Party was in control.

However, it is well to remember that Democratic platforms are always like the platforms of railway cars—made to get in on and not to stand on.

For instance, here is an extract from the latest national Democratic platform, the one adopted at St. Louis last year. It is as follows:

We reaffirm our belief in the doctrine of a tariff for the purpose of providing sufficient revenue for the operation of the Government, economically administered.

If that platform declaration meant anything, then in view of the fact that their tariff act of 1913, the Underwood Act, does not produce sufficient revenue for the operation of the Government; in view of the fact that customs revenues have decreased

under that act more than a hundred million dollars a year, although imports have greatly increased; and in view of the fact that there is a constantly growing deficit in revenues of something like a million dollars a day, I want to ask our Democratic friends why they do not carry out their platform declaration and provide a tariff "sufficient for the operation of the Government" instead of still further burdening the people by new systems of direct taxation, as provided in this bill? Can it be possible that they are afraid if the tariff question is opened up at all that there might be in the outcome some protection given to American industries, American labor, and American interests? Are they still of the opinion that American interests are entitled to no consideration, no protection, against competition from foreign interests that invade our markets and pay nothing for the support of this Government?

In my judgment it is high time that we should all agree that American interests should have adequate protection against foreign competition instead of being constantly penalized more and more, while foreign competitors go scot-free, so far as contributing anything to the support of this Government or for the privilege of entering our markets in direct competition with American industries.

I am for America—America first and America efficient.

Now, I am in favor of preparedness—preparedness for possible future wars, which I hope will never come. But I am much more in favor of immediate preparedness for peace, which certainly will come, and for the conditions, whatever they may be, which will certainly follow when the terrible war across the sea comes to an end, whether by peace with victory or peace without victory. The worst possible way to prepare for peace and the commercial war that is sure to follow is to further penalize American industries, as is proposed by this bill. These industries are already highly taxed; many of them are taxed almost to death in the localities where they exist. They are taxed for State purposes, for county, for city, for roads and bridges, for schools, and every other conceivable local purpose. Then an income tax of 1 per cent was put upon them by Congress for Federal purposes; then you proceeded to double that tax and made it 2 per cent; and then you taxed them again upon their capital stock, surplus, and undivided profits; and now you propose by this bill to hit them again; and if by any possibility they are able to live and make any profit after paying all these taxes you propose to levy a further tax on such profits. I wonder if our Democratic friends ever stopped to think that ultimately all taxes are paid by the people, the workers who produce all wealth. Not directly, perhaps, but in some way or other corporations must get from the people, and do get from them, all and everything they are compelled to pay. So, however you may say that you exempt the great body of the people they are the ones who in the final analysis create all wealth and pay all bills. You have said and reiterated time and again in platforms, on this floor, and everywhere that the tariff was the direct cause of the high cost of living. You said you would reduce the high cost of living by repealing Republican tariff laws. You kept part of the promise. You repealed the Republican tariff law, and you substituted the Underwood law, but the cost of living kept on soaring, and after three and a half years of that law is now higher than ever before. You do not say anything now about the tariff being the cause of the high cost of living. That claim has been very emphatically disproved, and at tremendous cost to the people. I will tell you one reason for the high cost of living: It is the constantly increasing cost of government and the burdensome taxes levied on the people, and this bill, if it becomes a law, will inevitably still further increase the cost of living.

The corporations will pay, of course, and to get the money with which to pay they will levy toll on the people—the consumer of their products. The more taxes the manufacturers of food products, of clothing, or of any general necessity, the more they are compelled to pay, the higher will be the price of food, of clothing, of all necessities which they manufacture, which the people must have, and for which they must pay. I must be brief in the time I have. The only reason I can conceive for this method of taxation—a method never heard of before and never advocated by any political party in this country—is derived from the idea that corporations have no souls, and that you are hitting only a few and exempting the great body of the people from the payment of these taxes. But the people will not be deceived. They know they are the ones who must pay, if not directly, then indirectly; but none the less certainly they are the ones who must pay. For instance, you tax life insurance companies, mutual companies, as well as stock companies. Who suffers from the payment of such tax? Let me read a tele-

gram which I have received from the president of one of these companies. He says:

Proposed emergency revenue measure is unjust and unfair to holders of life-insurance policies. Three pertinent fundamental facts apparently ignored: First, over 70 per cent of life insurance is mutual; second, including participating business of stock companies, over 86 per cent of life-insurance policies are participating; third, the burden of all taxes on the income of life-insurance funds falls upon the policyholder. The average size of an ordinary life policy decreased from \$2,580 in 1894 to \$1,850 in 1915, showing that over 7,000,000 ordinary life policyholders upon whom tax would fall are providing only this modest sum for their beneficiaries. The 25,000,000 industrial policyholders would also be taxed on their average policies of only \$134 each for their families. We believe this measure as it affects life insurance is wrong in principle, and if enacted into a law will place an unjust burden upon over 32,000,000 policyholders of the United States. We earnestly hope you will see your way clear to secure the exemption of life insurance from this measure.

This gives a fair statement of the number of people affected by the tax proposed on life insurance companies, but which in reality falls on the policyholders.

It is much the same with many other corporations, stock companies, and copartnerships. The stock, or interests, are largely held by people of very moderate means, who depend on the income derived therefrom for their living and the support of their families.

The wage earner, too, in all industries, will also suffer, for if the industry giving him employment can not make a reasonable profit, after payment of taxes and other expenses, then either wages must be reduced or the business must cease, causing either reduction of wages or loss of employment.

And how about the justice of levying this tax on copartnerships and not on individuals. Here, we will say, side by side are two establishments engaged in the same line of business. One is owned by two or more copartners, the other by one individual. The copartnership would be taxed under this bill and the individual doing precisely the same business, making precisely the same profit, is not taxed. What justification can there possibly be for such discrimination?

This entire measure, in my opinion, is wrong in principle, unjust in its discrimination, unfair to the business interests of the country, and has no other argument in its favor but the desperate need of money to make good that which has been lavishly and extravagantly appropriated by a Democratic Congress and to bring into the Treasury a part of what has been lost to the Government by the repeal of the Republican tariff act and the substitution therefor of the Underwood Democratic tariff law. If the Republican protective-tariff law had been in force until this time, and if importations had been no greater than they are now, there would have been no necessity whatever for this legislation. The remedy is apparent to anyone who will give the matter unprejudiced thought. That is to restore to the statute books a protective-tariff law, which will not only produce "sufficient revenue for the operation of the Government economically administered" but which at the same time will afford to the industries of the country that protection which they enjoyed under Republican administrations and which made this country the most prosperous of any country on earth.

I believe in the time-honored American doctrine of a protective tariff, and I believe in the doctrine announced in the last national Democratic platform—

A tariff for the purpose of providing sufficient revenue for the operation of the Government economically administered.

This is good American doctrine, and has been such from the days of our first President, the Father of our Country. And we may well, in these times, recall the wise advice of Washington, who advocated this doctrine and advised that this country at all times should put America and American interests first, expecting favors from no other country, treating all fairly, interfering not at all in their political entanglements, entering into no league with any, but in substance to "paddle our own canoe" and avoid entangling alliances with any other nation on earth. [Applause on the Republican side.]

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. FESS].

The CHAIRMAN (Mr. SAUNDERS). The gentleman from Ohio is recognized for 10 minutes.

Mr. FESS. Mr. Chairman, while the measure before us is one to raise revenue and probably ought not, therefore, to be discussed as a partisan issue or from a partisan standpoint, yet on both sides of the Chamber it is emphasized that this bill does differentiate the two parties upon the matter of raising revenue. The policies are to be contested, because they differentiate one political party from the other. Facts undisputed may suggest one thing to one group and another thing to another group.

But I want to call the attention of my Democratic friends to what has taken place. The protective tariff was superseded on

October 4, 1913, by the revenue-only tariff, the nearest approach to free trade; and when that was put on the statute books certain things were promised, not one of which has been fulfilled. One of the things promised was sufficient revenue to run the Government. And while Democratic Members have been saying that they object to a protective tariff, there is one thing that my Democratic friends must recognize: We never were compelled to issue bonds during a protective-tariff régime to get the money necessary to run the Government. The burdens on the consumer were never so heavy under a protective tariff as under free trade. [Applause on the Republican side.] And you have never held control of the Government that you did not have to issue bonds, not since the Civil War. [Applause on the Republican side.]

The protective system first stimulates American business, invests American capital, employs American labor at the standards of American living, and, in addition to that, it always collects enough revenue to run the Government and, even under the Payne law, we collected enough to build the Panama Canal, in addition to running the Government. [Applause on the Republican side.]

Our Democratic friends come in and say, "We will supersede it by a tariff measure to collect revenue," and gave the country the Underwood bill October 4, 1913. Just 11 months to the day after you put it on the statute books the President stood at this place and confessed its failure and asked us to pass an emergency bill, and called it "a war tax" at the very moment that he was boasting that we were at peace with all the world.

That was on September 4, 1914, and on October 22 of that year you put the infamous stamp tax upon the American people, calling it "a war tax," when it was a Democratic deficiency tax and ought to have been so named. [Applause on the Republican side.]

Then in December, one year later, you came again and voted to continue this tax for another year. That was the third move confessing the weakness of the Underwood bill. That was in December, 1915. Then you came in on the 8th of last September and made a fourth confession—that your bill had broken down and asked us to pass an additional measure, and said, "We will increase the rate on incomes, and we will put certain classes of our citizens under special taxation." That was done at the behest of the President of the United States. The President appeared here in this place on the 7th of December, 1915, and said, "We will not issue bonds," and gave his reasons why we should not issue bonds. We Republicans had said that you would issue bonds, because that is Democratic. [Laughter on the Republican side.] You have never run the Government without doing that. The one time since the Civil War you had control you issued bonds—1895. You can not run the Government without borrowing money. You never have. [Applause on the Republican side.] You Democrats said you would not issue bonds. I have the speech of the President, December 7, 1915, in my hand. He said:

The obvious moral of the figures here is that it is the plain counsel of prudence to continue the present taxes under the present revenue-stamp tax.

Then he said:

I for one do not believe that the people of this country approve of postponing the payment of their bills. Borrowing money is shortsighted finance.

Mr. SLOAN. Mr. Chairman, will the gentleman yield a moment just there?

Mr. FESS. In a moment. He continued:

It seems to me a clear dictate of prudent statesmanship and frank finance that in what we do we should undertake to pay as we go. The new bill should be paid by internal taxation.

This was the statement of the Democratic head, that we will not issue bonds because it is not good finance.

Mr. SLOAN. What was the date of that speech? The date of a presidential speech becomes a very important item in recent years.

Mr. FESS. December 7, 1915, was when this speech was made, right here. Now, a year later a bill comes in here proposing to issue bonds to the amount of \$600,000,000, long and short term bonds.

Mr. MADDEN. Six hundred and forty million dollars.

Mr. FESS. Six hundred and forty million dollars; \$100,000,000 in addition to the Panama bonds, \$300,000,000 short-time bonds, certificates of indebtedness, with the understanding that while you fell short a year ago, another year you will fall short again, and we will be called upon to issue bonds to make up the deficit. So your short-term will be equivalent to long-term bonds.

Mr. MEEKER. Will the gentleman put in at this moment the things that the President suggested should be taxed to raise that deficit?

Mr. FESS. I will.

Mr. MEEKER. And then what actually was taxed?

Mr. FESS. I will put that in. That is mighty good stuff. [Laughter and applause on the Republican side.] He said:

We will continue the tax on sugar.

[Applause on the Republican side.]

That is a confession that your Underwood bill broke down, because free sugar was by presidential decree the test of Democratic policy.

A tax of 1 cent per gallon on gasoline.

Mr. MADDEN. Did they do that?

Mr. FESS. No; they were cowards and would not do it. That is why they did not do it. [Applause on the Republican side.]

A tax of 50 cents per horsepower on automobiles.

Mr. MADDEN. Did they dare to do that?

Mr. FESS. They did not dare to do that. Why did they not? There were many votes that they wanted. Why do they not put a tax upon agriculturists in this bill? Because they are cowards and they are afraid to do it. While I oppose this sort of legislation, if I favored it I would treat all alike. I would not show favors to win votes.

The President continued a stamp tax on bank checks, which also was resisted from same reason.

Mr. HILLIARD. Will the gentleman yield?

Mr. FESS. Yes.

Mr. HILLIARD. We got the votes, did we not?

Mr. FESS. You won this election on a triple deception. You said the country was prosperous, due to your legislation, and any man who can think two thoughts in a row, knows there is nothing in that. Had it not been for the war in Europe it would have been quite a different story. You said, "We have kept you out of war," and you are asking in this bill for \$162,000,000 and the issuance of bonds to that amount now to take care of the Mexican war. This was the second deception.

The third was your pretended eight-hour-day law which has no eight-hour feature in it.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. FESS. Yes.

Mr. BYRNES of South Carolina. A majority of 100,000 in Ohio voted different from you, did they not? [Applause on the Democratic side.]

Mr. FESS. Ohio was flooded with as much and similar bombast as the wicked, shameful surrender of the American Congress to the four brotherhoods, whose votes were asked in that election in 1916. That is why Ohio went wrong.

Mr. LONDON. Will the gentleman yield to me?

Mr. FESS. I will yield to the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. CARAWAY. Will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman from Ohio 2 minutes more to let him answer some of these questions.

Mr. FESS. I yield to the gentleman from New York [Mr. LONDON].

Mr. LONDON. I will ask the gentleman whether it was under Republican rule that the majority of the American people were made so stupid that they believed the Democrats and could be fooled by Democrats?

Mr. FESS. I will say to my friend from New York that the Republicans are never responsible for Democrats. They do not undertake such a responsibility.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. FESS. Yes; I will yield.

Mr. BYRNES of South Carolina. Does the gentleman mean to say that the people of Ohio are so unintelligent that they can be deceived by the bombastic arguments he has referred to?

Mr. FESS. The people of Ohio temporarily united and lined up with South Carolina. They will not do it later, mark my words. They will go with Illinois and Michigan and Pennsylvania and New York and New England, and not with South Carolina and Mississippi, sir.

Mr. BYRNES of South Carolina. Have not the people of Ohio by their votes said with whom they would line up, notwithstanding the expression of opinion of the gentleman from Ohio? [Applause on the Democratic side.]

Mr. FESS. There will be another vote that will be an intelligent vote, and you will see the result.

Mr. CROSSER. Will the gentleman yield?

Mr. FESS. After the evaporation of the socialism and the single tax and the other isms and funny things that will pass away, Ohio will get back on her feet again.

Mr. CARAWAY. Will the gentleman yield?

Mr. FESS. I yield to my friend from Arkansas.

Mr. CARAWAY. When that intelligent vote is cast in Ohio does the gentleman expect to come back here? [Applause and laughter on the Democratic side.]

Mr. FESS. The gentleman from the seventh Ohio district got a greater majority than the total vote cast in the State of Arkansas. [Laughter and applause on the Republican side.]

Mr. Chairman, as to this bill, I am opposed to it. It is drafted upon the basis of punishing thrift. It penalizes efficient industry. Its author boldly declares that those who are in favor of national defense must be subject to this tax. But the bill does not discriminate in favor of those who do not favor it unless he lives in the Southland.

The bill, like most legislation of this administration, is framed as a net to catch votes, and is therefore discrimination in favor of one as against another class of our citizens. It includes the group of small capitalists or business men who go together as partners to carry on a business, but exempts the millionaire if he does not belong to a partnership or corporation, no matter how large his profits.

It exempts the agriculturist no matter how large the profits of the corporation or partnership to which he belongs. It exempts personal service no matter how large the profits of the corporation or partnership of a law firm which does personal service, nor the stock-brokerage firm which does personal service for customers.

From the argument of the proponents this preventive measure will have a disappointing result. "The power to tax is the power to destroy," said our greatest Chief Justice. We have used this power to destroy the State bank issuance of bills of credit. It is as effective as a repeal of the law.

We use the power "to tax" to destroy the evil of the liquor business. If we tax the successful enterprise because it is profitable, it will not be long until the profits will be lessened, if not destroyed.

They claim that this is fixing the burden upon the rich. Of course, no one seriously believes that. The burden laid upon business will be passed on to the customer of the firm; otherwise, business will not be run. It can not be carried on unless profit will recompense the risk.

The bill proposes to collect nearly \$250,000,000 from this one source. I give it as my opinion it will not do it.

It also proposes to raise \$22,000,000 from inheritance tax, and thus further rob the States of this source of revenue. The enormity of this measure is observed when we note there is provision for raising \$910,000,000. This is the program of economy we have heard so much about. Four emergency measures to bolster up your Underwood bill, and that in three years.

If the Democrats would stop their wasteful extravagance and proceed to inaugurate a protective system which produces the necessary revenue, the country would not face this situation:

Alaskan railway	\$25,000,000
Purchase of ships	50,000,000
Flood control in Mississippi River	45,000,000
Nitrate plant	20,000,000
Armor-plate plant	11,000,000
Public buildings	38,000,000
Rivers and harbors	38,000,000
Extra offices	40,000,000

These are but a few of the items of this orgy of expenditures.

The Mexican fiasco will reach at least \$200,000,000 in a short time. All these items are in addition to the regular annual appropriations. In the embarrassment of this irresponsible waste we are told it is all due to preparedness, and the already overburdened citizens must submit to extra direct tax of this sort.

Did we have a protective tariff which would make the foreigner seeking to sell in our markets pay toward the expenses of the Government, we would not see the enormity of \$590,000,000 increase in imports in the 11 months of 1916 over the same period of 1913 and \$100,000,000 less revenue collected.

This legislation is distinctly Democratic—first, supplying deficits by borrowing money and class legislation. The second mark is the character of the National Treasury, turning by bookkeeping a deficit into a balance without adding a dollar.

When the Democrats took hold of the Government the net balance in general fund was over \$146,000,000. This did not include the \$122,000,000 charged for other purposes.

The following facts taken from the daily statement of the Treasury Department will be illuminating:

Apr. 15, 1913	\$146,765,968
May 15, 1913	134,316,042
June 14, 1913	136,832,667
June 30, 1913	164,703,689
July 30, 1913	131,700,624
Aug. 30, 1913	127,746,187
Sept. 30, 1913	123,416,613
Oct. 3 (when Underwood bill took effect)	123,425,531
Oct. 30, 1913	124,739,371
Nov. 28, 1913 (Payne tariff still operating on wool and sugar)	119,297,889

Dec. 30, 1913	\$108,656,230
Jan. 30, 1914	102,919,314
Feb. 28, 1914	92,866,547
Mar. 30, 1914	90,348,436
Apr. 30, 1914 (Payne tariff still operating on sugar)	80,237,515
May 30, 1914	74,151,012
June 30, 1914 (this increase due to income tax)	145,835,502
July 30, 1914	143,392,219
Aug. 30, 1914	121,481,399
Sept. 30, 1914	112,204,309
Oct. 20, 1914	94,545,171
Dec. 1, stamp tax, to raise, as proposed	100,000,000
Dec. 30, 1914	66,960,703
Jan. 30, 1915	57,020,589
Feb. 27, 1915	42,636,065
Mar. 30, 1915	34,764,734
Apr. 30, 1915	20,815,534
May 30, 1915	14,996,057
June 30, 1915 (increase due to income tax)	82,025,716
July 30, 1915	67,046,067
Aug. 30, 1915	52,723,742
Sept. 30, 1915	40,898,894
Oct. 1, 1915 (change in bookkeeping in which \$80,000,000 were added overnight)	128,063,545

Months.	New book-keeping.	Real balance.
Oct. 30, 1915	\$122,249,035	\$37,988,842
Dec. 1, 1915 ¹	117,185,394	31,251,223
Dec. 30, 1915	109,893,494	24,982,061
Jan. 30, 1916	111,176,813	23,167,287
Feb. 28, 1916	117,170,215	21,171,175
Mar. 30, 1916	124,134,454	16,631,454
Apr. 30, 1916	129,628,249	15,135,388
Sept. 1, 1916 ²	208,849,621	63,184,298

¹ War tax. ² Increase of foreign imports to pay for munitions.

September 8, 1916, new bill.

THIRD RELIEF MEASURE.

Months.	New book-keeping.	Real balance.
Dec. 4, 1916	\$131,607,960	\$4,155,229
Dec. 30, 1916	114,487,837	18,562,245
Jan. 27, 1917	93,476,020	132,190,918

¹ Deficit.

To-day's statement carries a balance of \$93,156,307. The outstanding charges against the Treasury are to credit of disbursing officers \$75,594,526, and national bank and Federal reserve bank notes assumed by the United States \$51,111,231, making a total charge of \$126,695,757. This makes a deficit in the Treasury to-day of \$33,539,450. Were this character of bookkeeping in vogue in April 15, 1913, the balance in the Treasury, instead of \$146,000,000, as carried by daily statement, would be \$248,779,105.

In other words, notwithstanding the three preceding relief measures to bolster up the Underwood bill, of which this is the fourth relief, the Treasury is to-day shy \$155,303,085 of what it was when the Democrats took charge.

This fourth relief measure is but temporary. It is easy to borrow money by issuing bonds as herein proposed, and as every man knew would come with the Democratic Party in power, but it does not cure the evil. While we are concerned about the necessary revenue, we must not overlook the immediate future.

I now desire to speak upon the "Outlook for American business."

The one thing all must admit is that the present business situation must not be taken as a normal basis for the future. This abnormal condition is measured by the price current in all markets. Imperative demands in war-torn Europe, which has involved an indebtedness of over \$50,000,000,000, or fifty times our own national debt, have been and are still reflected in our trade. The war situation enables this country to name its own price for war necessities. It has made possible an export trade which has given us a balance of near \$2,000,000,000 in one year and has brought here the largest store of gold ever collected by one country.

At the close of the war Europe will be compelled to do two things: Reduce the debt and secure the needed gold supply to avoid a paper basis. These accomplishments can be reached in but one way, to wit, turn the balance of trade against us. This will be attempted by (1) ceasing to buy from us save such articles of imperative necessity, such as cotton, corn, and so forth, which must be had, and (2) selling the European product to us.

The war has stimulated production in both the entente and central powers as never before. Speaking on the President's peace proposal, Lloyd-George said, among other things:

There are many shortcomings in our business, our commerce, our industry. The war is settling them all right in the most marvelous way.

You ask a great business man like my friend Lord Pirrie what is going on in those great factories throughout Great Britain and Ireland. Old machinery is scrapped ["Hear, hear!"] the newest, the best, and the latest is set up; slipshod and wasteful methods are scrapped, and hampering customs discontinued. Millions are brought into the labor market to help to produce who were before purely consumers.

This corrects the erroneous opinion that Europe's industries are prostrate. Intense productive ability has been greatly stimulated in both belligerents by the fires of war, so that competing ability with this country is increased.

In England 4,000,000 men have been called to the colors. At least 1,000,000 women have entered the industries to help fill places that the soldier vacated. These women are doing well their work at such wages as never before paid them. At the close of the war they will refuse to give up this work. It will compel a competition in the English labor market which will force the price to its lowest ebb. The goods produced by these laborers will enter the open market to meet the American producer.

In Germany there are at least 3,000,000 war prisoners at work in the industries at the price of prisoner's allowance—about 8 cents per day. There are being thus stored billions of dollars' worth of goods to be sold in the open market when the war is over. Europe, in need of funds to pay the annual interest charge on her war debt, which charge will be greater than the entire budget before the war, will easily command the world's markets against this country, and will easily turn the balance of trade in her favor, and thus secure back the gold lost in the war. This is America's problem that faces her. How do we propose to meet it? It can not be done by business heckling. While all Europe is favoring production, we here are constantly hindering it. Our legislation proceeds upon the basis that the business man must be watched in order to protect the country against him. Laws are enacted discriminating against him and in favor of exempted classes.

In 1913 Congress appropriated money to prosecute the business man, but exempted laborer and farmer from prosecution for the same offense. Then, later, the same discrimination was written into law in the Clayton bill. Then, still later, the same exemption was written in the income-tax law. And now we propose to jam through the House the fourth emergency-revenue law, to raise \$910,000,000, a portion of which is to be fixed upon a class of citizens and expressly exempting specified classes.

This cycle of thinking which surrounds all business success with the air of suspicion and which leads our legislators to penalize the man who succeeds and exempts others is un-American and must in time ripen into the inevitable fruits of national distress. It is such cycle that makes possible such shameful performance and national humiliation as the country underwent, and is still undergoing, when its National Congress joined the President in a complete surrender to four leaders of four brotherhoods in enacting a law that all parties now concerned are straining every nerve to undo, or at least to modify.

Mr. Chairman, if we do not voluntarily change our attitude toward personal initiative and achievement, to cease penalizing those who organize to compete with the world in its production, we will do it later when our country's labor and capital shall be prostrated. The immediate guaranty against this legislative mania is the education of a proper public spirit toward enterprise.

I am not a business man and am not prejudiced against or for them, but I know that you can not injure the producer without injuring the consumer.

Such measures as these, openly claimed as punitive by its author, to punish the enterprising citizen because the country demanded a state of national defense, when by cutting off wicked and wasteful extravagance the necessity would not appear, is but a comment upon the character of the administration now in power.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. GARDNER. Mr. Chairman, I ask unanimous consent to extend the remarks that I made this morning in the Record.

The CHAIRMAN. The gentleman already has that privilege.

Mr. GARDNER. I also ask unanimous consent to further extend my remarks by printing some data relative to the halibut fisheries of the Pacific.

Mr. HOWARD. Reserving the right to object, I should like to know which speech the gentleman made that he refers to?

The CHAIRMAN. The Chair will say that all Members who have spoken have a right to extend their remarks in the Record, but the gentleman from Massachusetts makes a further request to extend his remarks on a special subject.

Mr. HOWARD. I understood this was some extraneous matter.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, I shall vote against this bill because I am opposed to the method of direct taxation in it. I shall vote with the gentleman from Michigan [Mr. FORDNEY] to recommit the bill with a provision attached to it to provide for raising the revenue by a protective tariff. [Applause on the Republican side.]

I am for a protective tariff, not only from the standpoint of raising revenue but from the standpoint of the protection of the American workingman and American industries. My good, genial, and timid friend from Ohio [Mr. GORDON] made a statement on the floor this afternoon that if you pass a protective-tariff bill it increases the burden of taxation on the workingmen of this country. I would like to ask my friend this question: Was the workingman of this country ever burdened with taxes under a protective-tariff system like they are under this present free-trade Democratic administration?

Mr. GORDON. Will the gentleman yield?

Mr. COOPER of Ohio. No; I can not yield; I have only five minutes. [Laughter on the Democratic side.] I have heard a great deal to-day about the burden of taxation being placed on industry and not on the workingman. Let me say that you can not tax the industry unless you also tax the men that work in that industry. You are trying to fool the workingmen like you tried to fool them last fall. What did you do to them last fall? You told them you stood for an eight-hour day. Then the President of the United States said that the eight-hour day was not a question to arbitrate. What did you do? You brought in the lemon of the Adamson bill and passed it and led the workingmen to believe that you stood for an eight-hour day. Why do not you carry out your promises?

Mr. CROSSER. Will the gentleman yield?

Mr. COOPER of Ohio. Not now. Why do not you carry out your promises to the workingmen of this country? Why do not you pass an eight-hour a day law; you have the votes. No; instead of that, what are you doing? President Wilson, who stood on that platform, solicited the workingmen's vote, claiming he was their friend, is now trying to force through this Congress a compulsory system of arbitration which will involve the workingmen of this country in involuntary servitude. [Applause on the Republican side.]

This is the reward that the working people of this country are getting for the support that they gave to President Wilson and the Democratic Party last fall. Oh, but you say, we must have the taxes because we want preparedness. We have had an example of the Democratic inefficiency of preparedness. What have we done? We have spent \$180,000,000 to mobilize the Army, marched them down into Mexico, with the orders from President Wilson to get Villa, "dead or alive," this bandit who has ravished and murdered American women and children. [Applause on the Republican side.] Under this present administration the Stars and Stripes have been insulted, been spit upon, tied to the tail of a donkey, and dragged through a foreign street. There was a time when the old flag would have protected an American citizen on American soil, but it will not do it under this Democratic administration. [Applause on the Republican side.]

A number of years ago a young Englishman was arrested for a political offense in Cuba. He was tried by a Spanish court-martial and sentenced to be shot. He appealed to the American consul and the English consul to try to save his life. But the Spanish Government would not listen to the appeal; he was walked out at daylight, stood up against the wall, the officer of the firing squad came out and said, "Get ready, take aim." At that moment the American consul ran out, wrapped the Stars and Stripes around the man, and said, "Shoot, if you dare." Did they shoot? No. Their fingers became paralyzed and the guns dropped, and the old Stars and Stripes saved the life of a British subject.

But what a difference now. Only a short time ago, when a number of American citizens were fleeing for their lives to the British embassy in Mexico, one brave American woman, the mother of children, who still had faith in the old American flag, stood on the balcony, and, tearing down the flag, wrapped it around her, and said to the Mexicans, "Now, shoot if you dare!" Did they shoot? Crack went the rifles, and the bullets pierced the Old Flag, and that brave American woman fell dead, the old Stars and Stripes soaking up her life's blood. We sent our soldiers down into Mexico to avenge the death of that woman, and avenge the death of the soldiers at Carrizal, and now we witness the disgraceful spectacle of their marching out of Mexico again, with dead or alive Villa following after them,

and yet you say you want this money for preparedness. In conclusion, let me say that the great question before the American people to-day is not the high cost of living; it is not the Adamson bill; it is not preparedness. The great question before the American people to-day is this, Will the United States Government protect its industries and its workers after the European war is over from foreign competition? There is only one way that you can do this, and that is to rewrite once more and place upon the statute books the protective tariff policy of William McKinley. [Applause on the Republican side.]

Mr. KITCHIN. Mr. Chairman, I yield two minutes to the gentleman from Colorado [Mr. KEATING].

Mr. KEATING. Mr. Chairman, I think it is only right that a statement should be made concerning the record made by the gentleman from Ohio [Mr. COOPER] who has just addressed the House. He referred to the Adamson eight-hour bill as "the lemon" with which the Democratic Party sought to deceive the workmen of this country. The records of this House will show that the gentleman from Ohio [Mr. COOPER], having secured a copy of the so-called Adamson eight-hour bill, having received it in confidence, proceeded to introduce it as his bill. [Applause on the Democratic side.]

Mr. COOPER of Ohio. Mr. Chairman—

Mr. KEATING. The records of this House will show that when the bill was before this House—

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. KEATING. The gentleman from Ohio made a speech in support of this "lemon." [Applause on the Democratic side.]

Mr. COOPER of Ohio. Mr. Chairman, I am sure the gentleman does not want to be unfair; he does not want to make a misstatement.

Mr. KEATING. The RECORD will show that when the roll was called—

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. KEATING. I can not yield now.

The CHAIRMAN. The gentleman declines to yield now.

Mr. KEATING. The RECORD will show that when the roll was called on the passage of the bill the gentleman from Ohio voted for it. [Applause on the Democratic side.]

What is more, the records of the last campaign will show that every man authorized to speak for the great railroad brotherhoods of the country, and the gentleman is a member of one of those brotherhoods, and he knows that I speak the truth when I say this—every authorized leader of the great railroad brotherhoods in this country indorsed the Adamson eight-hour bill. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. KITCHIN. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. BAILEY].

Mr. FORDNEY. Mr. Chairman, would the gentleman yield to me for two minutes at this time?

Mr. KITCHIN. Oh, just let the gentleman from Pennsylvania get through.

Mr. BAILEY. Oh, let him have it.

Mr. FORDNEY. I wanted to let the gentleman from Ohio answer the gentleman from Colorado, if the gentleman will be courteous enough.

Mr. KITCHIN. The gentleman can do that after the gentleman from Pennsylvania is through.

Mr. FORDNEY. Very well.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for five minutes.

Mr. BAILEY. Mr. Chairman, while I shall vote for this bill, let me say first of all that I do so with a protest, not against its method, but against the occasion which has made it necessary—an occasion brought about by a monstrous extravagance into which the country has been plunged by a militarist propaganda as wicked, as indefensible, and as indifferent to our free institutions as an open revolt against them could possibly be.

The title of the bill before us is perhaps its chief merit. There is poetic justice in its provisions. It places the burden where it belongs. It calls upon those who have joined in this death dance of imperialism to pay the fiddler. It invites the propagandists of fear and force to walk up to the captain's counter and pay the score for their stupendous folly. And by so much it is a measure which challenges admiration, while compelling a tribute of adverse oratory from the champions of privilege on the Republican side that is more sincere than any words of praise could be.

But in the title of the bill its purpose is honestly revealed. It is "to provide increased revenue to defray the expenses of

the increased appropriations for the Army and Navy and the extensions of fortifications." There is the whole story. The bill is framed for no other purpose. It is not to meet the ordinary expenses of government. These have been amply provided for in the Underwood tariff and in the income-tax legislation, for which the Democratic Party can justly claim the credit. The staggering demands upon the Treasury which this bill is designed to meet come not from governmental activities which make for the comfort, the happiness, and the prosperity of our people, but from that hateful source which vaunts the strong arm, which decries reason and justice, which ignores the teachings of Jesus Christ, which puts its trust in the sword, and which despises democracy and all for which democracy stands.

It is frankly regretted by me that it has been deemed expedient if not absolutely necessary that the invitation this bill gives to the militarists to go the limit in their profligate and indefensible appropriations for Army and Navy has been extended. My thought has been that the leadership on this side should have taxed their every resource in the effort to restrain the profligacy which we here and now in effect condone. But I am not unaware of the tactical reasons which have constrained the apparent surrender. For I know and you know and the country ought to know that if this apparent surrender had not been made an infinitely worse situation might and, indeed, would have developed, a situation for which our Republican friends so ardently long, and which would be so very welcome to the powerful interests which would saddle the crushing burden of militarism on the necessities of the toiling millions instead of letting any part of it rest upon themselves.

It is hardly necessary for me to repeat protests voiced so many times by me on this floor against these monstrous appropriations for war purposes in a time of peace. But I do so once more because I wish in an especial manner in connection with my protest to draw attention to the vital fact that in making them we are doing more to defeat the peace movement to which President Wilson has been devoting his great influence than his worst enemy could wish. For how shall the peoples of other countries be brought to believe in the sincerity of his purpose as set forth in his epoch-making peace speech when they read in immediate connection therewith the story of what the American Congress is doing in building up the greatest fighting machine that it ever entered into the mind of man to create?

I protest against this amazing folly for this reason. I protest against it because I am a friend of peace, because I sympathize with war-torn Europe, because I hate war with a consuming hatred, because I love democracy and fear that militarism which is democracy's inveterate enemy, and because I desire with my whole heart and my whole strength that President Wilson shall crown his great career with the promotion of a peace without victory which shall endure.

Mr. FORDNEY. Mr. Chairman, I now yield two minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, it was not my intention to say anything further on this bill this afternoon, but I want to emphatically deny the statement that the gentleman from Colorado [Mr. KEATING] made on this floor a few moments ago. I say it is an absolute falsehood when he says that I procured a copy of the Adamson bill and tried to introduce it into this House under my own name, and I challenge him in the presence of this body of men to stand up here and give proof for his statement that he made a few moments ago. It is true that I did stand on this floor during the consideration of the Adamson bill, and I spoke for 10 minutes, but my whole talk was in defense and in behalf of the railroad men of this country, with whom I was associated for 20 years, and not one word did I say in favor of the Adamson bill.

Mr. GORDON and others. You voted for it, did you not?

Mr. COOPER of Ohio. I repeat again, that the statement that the gentleman from Colorado [Mr. KEATING] made here a few moments ago is a falsehood.

Mr. FLOOD. How did you vote?

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FAIR].

Mr. KITCHIN. Mr. Chairman, I yield one minute to the gentleman from Colorado [Mr. KEATING].

Mr. KEATING. Mr. Chairman, in justice to the gentleman from Ohio [Mr. COOPER]—

The CHAIRMAN. The gentleman from Colorado is recognized for one minute.

Mr. KEATING. Mr. Chairman, when I made the statement a few minutes ago concerning the gentleman's introduction of the eight-hour bill I did so in good faith, relying upon my memory. I have just gone to the CONGRESSIONAL RECORD and

verified the truth of what the gentleman has just said. I came back to the floor so as to make this statement—and I think it should be made right here—that the statement concerning the gentleman introducing an eight-hour bill was a mistake on my part, which I wish to withdraw and apologize to the gentleman for having made it. [Applause.] Now, just a moment. But, so far as the remainder of my statement is concerned, that he spoke for the bill, that he voted for the bill, that the leaders of the great railway brotherhoods supported the bill at all times and approved it, that statement stands without modification, and the RECORD in that particular will speak for itself.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FARR. Mr. Chairman, if the Republicans in the last campaign had handled the real question before the American people as our Representatives did so forcefully and instructively yesterday and to-day, there would not have been any question about a different result. [Applause on the Republican side.] The American people ought to have discovered the fact that direct methods of taxation made necessary by a tariff for revenue, free-trade tariff law, are not only the most cumbersome, the most expensive but the most disastrous to the country. But we on this side failed to meet the real issue, did not go out into the highways and byways and instruct people along this line of thought, and the result is that we gave the Presidency to Mr. Wilson, not only on a silver platter but on a golden platter.

Mr. FERRIS. Is it not true that the gentleman's nominee of the Republican Party went to almost every nook and corner in this country with his speeches, and is it not also true that the President of the United States [Mr. Wilson] remained dignifiedly at home?

Mr. FARR. Oh, no; Mr. Wilson did not remain dignifiedly at home.

Mr. FERRIS. He did.

Mr. FARR. Mr. Chairman, I refuse to yield further to the gentleman who is taking up my time. I desire to be courteous, but I want him also to be.

Mr. FERRIS. All right; go ahead.

Mr. FARR. Mr. Hughes, it is true, went all over this country and delivered strong, forceful speeches and presented many, many good thoughts to the American people, but the real issue, the matter of protection to American industries, he failed to present in that vigorous, enlightening way that he could have done. [Applause on the Republican side.]

We look over this great country and see the wonderful development industrially and realize that as a result of the Republican idea of a tariff it has become the greatest manufacturing country in the world. That in itself tells the story. Now, following the enactment of the Underwood bill, its injury to our industries and its failure to provide sufficient revenues, there began a career of high financing, of frenzied financing, on the part of the Democratic Party to raise money by direct taxation. When the American people take out their pads and pencils they will be simply appalled to find that in the four years of Democratic administration nearly \$1,000,000,000 in direct taxes have been heaped upon the American people, as much as two years of the Civil War cost.

Mr. MADDEN. Will the gentleman yield?

Mr. FARR. I will.

Mr. MADDEN. This bill provides for raising \$910,000,000.

Mr. FARR. Yes; additionally to the billion I mentioned. The Democratic Party was responsible for the increase in freight rates in 1914.

Mr. GORDON. How is the Democratic Party responsible?

Mr. FARR. I have not yielded to the gentleman, and I will ask the Chair—

The CHAIRMAN. Gentlemen will please not interrupt the gentleman who has the floor without his permission.

Mr. FARR. Under administrative pressure there was wrong from the Interstate Commerce Commission, against its judgment, an increase in freight rates for the western roads and a general increase in passenger rates all over the country that will total from three to five hundred million dollars during President Wilson's first administration. This is practically a direct tax upon the people. Additionally, there was enacted an emergency war tax that in three years will produce about \$200,000,000 more, and an income tax, which we did not get the benefit of under the Payne-Aldrich tariff law, bringing about \$210,000,000 more. Again, there was a revenue bill of last September which will yield about \$200,000,000, and I am not sure whether I am right or not in saying that bonds were issued for the cost of the Mexican trouble.

Mr. GORDON. No; the gentleman is wrong.

Mr. FARR. I understand that cost is provided for in this bill.

You will find by totaling these different amounts that for the four years of the present administration about \$1,000,000,000 in

direct taxation has been placed upon the people, and that in this bill you are adding \$910,000,000 more, meaning \$20 for each man, woman, and child in the United States in addition to their present tax burdens to be added to the high cost of living. And the great bulk of these taxes will be continuous.

Now, the gentlemen laugh, but that is true. Let them disprove my statement.

Mr. GORDON. This bill only reaches \$200,000,000, man.

Mr. FARR. Nine hundred and ten million dollars in the issue of bonds, note certificates, and new and additional taxation, as follows: Bonds, \$340,000,000; note certificates, \$300,000,000; new taxation, \$248,000,000; increased inheritance tax, \$22,000,000. Total, \$910,000,000.

I was very much interested in the eloquent talk of the gentleman from Michigan [Mr. KELLEY]. He gave us a graphic verbal object lesson that should make the party in power stop, look, and listen, and ought to have been an incentive to that party to enact legislation along tariff lines to provide the money so badly needed and at the same time protect this country against cheap foreign-made goods at the close of the war.

I voted for the revenue bill last September. I voted for it for one reason, because it contained a provision for a tariff commission. I believed that the Democratic Party earnestly, sincerely intended to increase tariff rates for necessary revenue to meet their vast expenditures, and with this would go incidental protection to our industries. The gentleman from Michigan [Mr. HAMILTON] to-day quoted Barnum as saying that the American people can be fooled. I was fooled by that provision in that bill.

Now, I think the Democratic Party has missed an opportunity to show its good faith to the American people by not utilizing the Tariff Commission to point out the many features in the Underwood law, so favorable to foreign-made goods and menacing to American industries.

Now, supplementary to the talk of the gentleman from Michigan [Mr. KELLEY] as to our industrial unpreparedness in this country, the greatest Europe is in the making that ever faced civilization. With 15 nations at war the importations from foreign countries have been the largest in our history.

England, battling for its life, sold us many millions of dollars more of goods last year than it ever sold us before. France sold us more goods last year than it ever before sold us. Japan sold us more goods. Italy sold us more goods; so did Canada. When these nations are at peace and the millions of men are back in civil activities, their needs will be great and productive power tremendous. Under the present tariff law we can not prevent their goods from invading our markets and displacing our wage earners; the billions of war orders will have ceased, and millions of our men will be out of work. We should be prepared for that competition by laws that will safeguard and foster our own industries, but we are not.

I believe, as the gentleman from Michigan [Mr. FORDNEY] stated yesterday, that under the provisions of the Payne bill we would have realized from five hundred million to six hundred million dollars more than we have under the Underwood bill. On wool and woolsens alone up to July 31 last year we lost \$142,000,000 in revenues. Wool is higher, clothing is higher, and in the reduction of the tariff on sugar we have lost, up to date, \$50,000,000 in revenues, and sugar is higher. In addition to the injury the lowering of the tariff on sugar caused to the beet-sugar industries in the West and the cane-sugar industry in Louisiana, there has been a great loss of revenue to the American people, which you are now making up by direct taxation; and sugar is higher and wool is higher, and the opportunities remain for the foreign invasion that will result in the greatest disaster, commercially and industrially, in the history of this country.

Mr. GORDON. Will the gentleman yield at that point? If taking the tariff off of sugar and wool has made them higher, how do you figure that it hurts the American industry?

Mr. FARR. Because you destroy for the time being the cane-sugar industry in Louisiana. The cane-sugar industry, I am informed by a Louisiana Representative, is only 50 per cent of its efficiency before the reduction of the tariff on sugar.

Mr. GORDON. If it made the price higher, how did it hurt them? Answer that, will you?

Mr. FARR. It destroyed the industry. They are not making sugar.

Mr. KITCHIN. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman and gentlemen of the committee, I have heard everything discussed since yesterday in connection with this bill, from the free and unlimited coinage of pig iron to the reincarnation of the soul. [Laughter.] I am very much amused at the chameleonlike rapidity with which some of you gentlemen on that side have changed. I was particularly amused at my good friend from Ohio [Mr. COOPER].

I could not help but think of November, or probably the latter part of October. When Mr. Hughes was over in Ohio he went into the gentleman's district. He denounced the Adamson bill and the Democratic administration and everything connected with it. And before the dust had settled behind the automobile that took Mr. Hughes away from that particular point where he had spoken in the gentleman's district, the gentleman took the same platform, the same spot Mr. Hughes had occupied, and he denounced the Republican candidate for President of the United States and declared himself standing with President Wilson and his policy, and he was reelected. Now, I dare him to deny it, and I will give him my time.

Mr. COOPER of Ohio. Mr. Chairman—

Mr. HOWARD. Did not you do that? Did not you denounce your candidate for President of the United States for his opposition to the eight-hour bill?

Mr. EMERSON. No; he did not.

Mr. COOPER of Ohio. On the contrary, I will say to the gentleman that I made speeches, not only in Ohio but in other States of the Union, advocating the election of Charles E. Hughes for President. [Applause on the Republican side.]

Mr. HOWARD. That is the reason probably why he was defeated so overwhelmingly in Ohio.

Mr. STAFFORD. Another fake charge without any basis! [Laughter.]

Mr. HOWARD. My heavens, if I had to account to my Maker for as many fake charges as you have made I certainly would not make such an assertion. I can not help but think about a little bird that we have down in our section of the country that we call the "calico sapsucker." [Laughter.] He will light on a tree, and then he will hit it with his beak several times, and then he will run around on the opposite side of the tree and look, and I have often wondered what he was looking on the other side of it for; and finally an old negro told me that the sapsucker thought every time he pecked the tree he knocked a hole slap through it. [Laughter.] And the speech of my beloved friend from Ohio [Mr. Fess] and also the speech of my distinguished and able friend from Massachusetts [Mr. GARDNER] remind me very much of that little bird. [Renewed laughter.]

Mr. Chairman, I am for this bill, and I will tell you why I am for it. First, when I was a boy on the farm I always loved to plow a fat mule. I never did like to plow a poor mule. Now, all you Republicans like to plow a lean mule. You do not like fat mules. You abhor using that which is best suited at your hands. You want to saddle this tax on the poor folks. That is what you want to do by a protective tariff instead of this just tax levied on those most able to bear it after allowing liberal allowances in way of exemptions.

Another thing is, I have been taught that it was an honorable thing when I gave a check on my bank to see to it that that check was honored, even if it took the last penny I possessed on earth to pay it. [Applause on the Democratic side.] You gentlemen last year gave a check upon the Treasury of your country to pay for this preparedness that you voted for, and now you come up and say to the banker, "Dishonor that check; I repudiate it." [Applause on the Democratic side.]

Then, what do you offer? Why, the gentleman from Massachusetts [Mr. GARDNER] offers a unique remedy. He offers a force bill.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. KITCHIN. Mr. Chairman, I yield five minutes more to the gentleman.

The CHAIRMAN. The gentleman from Georgia is recognized for five minutes more.

Mr. HOWARD. And it is a godsend to the tranquility of this country and the brotherly affection that exists between all sections of the country that there have been but few men in this Union that had the temerity to even suggest such a thing as a force bill on the people of the South, and I thank God that that sentiment has been confined to one small area in this country, and by but few even there.

You talk about representation. Why, I can take a lady's pocket handkerchief and almost cover the area of five little States up there in your section of the country. Let us see what they are. Delaware, with 202,000 population, has got two Senators; Rhode Island, with 542,000, has got two Senators; New Hampshire, with 430,000, has got two Senators; Vermont, with 355,000, has got two Senators; and Maine, with 742,000, has got two Senators. All together they make a total of 2,273,000 people, with five times the representation of the Empire State of the South, Georgia, that has got 2,609,000 population. There is a little handful of people in the New England and North Atlantic States that have got five times the repre-

sentation that the people of Georgia have got, while our population equals all of them put together. [Applause on the Democratic side.]

I want to say to the gentleman now that he can talk all he wants to about the negro. The negro in the State of Georgia is not disfranchised.

Mr. GARDNER. Does he vote?

Mr. HOWARD. I will not yield now. I have got only five minutes, and I want to put this in the Record. Years ago, when the people of this country were excited, at a time when reason had not resumed its sway, you attempted to put on our necks the heel of the black man, but shortly a freedman, the people of the South said then that with the help of God we would repudiate that action. We have repudiated it, and the thinking, unbiased, unprejudiced people from one end of this Nation to the other have repudiated the fourteenth and fifteenth amendments to the Constitution of the United States. I will say to the gentleman from Massachusetts that it is true we have borne the burden and worn the yoke of caring for the colored race in this country. To-day there are over eight and one-half million of them in our section; but in the five States that I have just mentioned, the five North Atlantic States, the foreign-born population, according to the census of 1910, exclusive of Massachusetts, was 1,825,110.

Mr. GARDNER. Will the gentleman yield?

Mr. HOWARD. Yes.

Mr. GARDNER. The people there who are not A. P. A.'s are very proud of them.

Mr. HOWARD. Oh, well, a native-born negro is just about as good as some of these anarchists that come over from foreign countries. I am talking about citizenship. Why, Mr. Lincoln had figured out to the last penny what it would cost to transport every negro in the Southern States to Central America, and he figured that it would cost \$88.54 a head to deport them to the South American countries. Ah, gentlemen, when you get up here and talk about cutting down the representation of the South, and say that the South is in the saddle, and all that rot, you are trying to prejudice people in the Northern States against the people of the South. The people of this country accepted graciously the services rendered the country by those from the South in this body. They showed their appreciation by reelecting Woodrow Wilson and giving us majorities in both Houses of Congress.

Mr. GARDNER. Will the gentleman from Michigan give me two or three minutes?

Mr. FORDNEY. I yield two minutes to the gentleman from Massachusetts [Mr. GARDNER].

Mr. GARDNER. Mr. Chairman, we are going to reduce the representation of the South—because we will have the Democratic Party of the North helping us and demanding of us to do it—unless you let your labor vote. You have disfranchised your unorganized labor in the South, and in the North the Democratic Party depends on labor. The Democratic Party—

Mr. HOWARD. Will the gentleman yield?

Mr. GARDNER. Just wait a moment. Keep your patience. I will yield in a moment. The Democratic Party in the North depends on labor. In New England the votes of the Democratic Party came from the Irish, and in the last campaign its finances came largely from the international bankers in New York. Now, you want the votes of those Irish round about election time. What do you do with the Irish Members of Congress when you get them? Why, there is just one of them whom you have recognized, JOHN J. FITZGERALD. You made him chairman of the Committee on Appropriations because you could not help yourselves, because he was the smartest man on your side, and very likely in the whole House. [Applause.]

Mr. HOWARD. Is the gentleman really serious? Do you think that you will ever reduce the representation of the South?

Mr. GARDNER. Seriously, sooner or later, as sure as the sun is to rise, the American people will not have unequal representation. You have either got to let your negroes vote, because in the South the negro vote is the labor vote—the unorganized labor vote—that is why you voted against the child-labor bill.

Mr. HOWARD. I voted for the child-labor bill.

Mr. GARDNER. It is because you have disfranchised labor in your part of the country, and that is where you are going to break down.

Mr. HOWARD. Will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman from Georgia one minute.

Mr. HOWARD. The gentleman from Massachusetts would not yield when his time had not expired. I just want to say this to the gentleman, and I want to say it on the floor of the American House of Representatives: If you are serious, and you believe what you say—if the American Congress ever passes a

force bill reducing the representation of the people of the South in the House of their fathers, it will bring about a situation that will be most deplorable in all sections of this country. I predict with absolute confidence that it will never be seriously attempted.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. SWITZER].

Mr. SWITZER. Mr. Chairman, I can not say that I am for civil war at this time, nor do I agree with my colleague from Ohio, Mr. Gordon, that the guiding wisdom to lead this body in its deliberation on the pending bill flows from only one fountain, that sparkling stream which gushes forth from the healthful pineries of the great State of North Carolina. Unlike the gentleman from Rhode Island, I have not yet learned of any mass meeting being held among the people of my district for the purpose of sending petitions to this body to vote upon their industries the discriminatory tax carried in the pending bill.

But I can assure the gentleman that they will patriotically respond with their share of these discriminating burdens, although the incomes from which it will be taken are produced in the main by the labor of the pig-iron furnaces, coal mines, and the railways of my district.

Neither can I agree with my colleague from the great State of Pennsylvania that the foreigner never pays the protective-tariff tax. On the other hand, I believe that in many instances protective-tariff taxes are paid by the foreigner, and I think every business man in this body will bear testimony that when protective-tariff duties are reduced, frequently, on many occasions, the reduced duties are pocketed entirely by the importer.

I for one firmly believe in the doctrine of protecting American industries and American labor by levying a duty on imports sufficiently large for that purpose, the cardinal principle of the Republican Party. I want to say, with all deference to some of my colleagues on this side of the House, that no sop in a Democratic revenue bill in the shape of piecemeal protection or a half-baked dumping proposition, or a provision to create a tariff commission to prevent the raising of tariff duties sufficiently high to adequately protect American industry, has never yet caught my vote. The fundamental principle of the Democratic Party as far back as I can recollect has always been an insistent demand for the collection of tariff duties sufficient to defray the operating expenses of the Government economically administered.

As the taxing power authorized in the pending bill violates both the Republican protective policy and the Democratic tariff for revenue principle I can see no reason why it should have the support of any Republican or Democrat.

But the Democratic majority of this House, goaded onward by the pressing necessity of raising additional revenue to defray the operating expenses of the Government, which seem to be mounting skyward year by year, have thrown to the winds their time-honored guiding principle for the raising of taxes and have come out flat-footedly for a discriminatory direct-taxation system.

True, the bill carries a provision to the effect that the receipts collected under title 2 and one-third of the receipts collected under title 3 of the proposed measure, shall constitute a separate fund in the Treasury Department from which shall be paid all expenditures on account of acts heretofore passed and hereafter passed appropriating money for national preparedness and that such fund shall hereafter be annually credited with the receipts from the sources heretofore referred to estimated at \$175,000,000.

But when we read the short and simple proviso at the end of this requirement, authorizing the Secretary of the Treasury to use such funds for other purposes, and in the light of the statement of the gentleman from North Carolina in charge of the bill that money from this fund must necessarily be used for other purposes, and presumably for the purpose of paying operating expenses of the Government, it is clearly observable that the page and a half devoted to the creation and description of this imaginary and bookkeeping fund is pure, unadulterated, political bunk. A childish performance emanating from the elusive and delusive minds of the Democratic members of the Ways and Means Committee. The proviso states that when there has been a subtraction from the fund on account of some abstraction made by the Secretary of the Treasury that the fund shall be reimbursed, but there is no direction or provision for raising the money for making such reimbursement. So far as we now know, it will likely be done by again increasing the inheritance tax 50 per cent and adding another 8 per cent on the so-called excess profits of corporations and copartnerships. As the bill provides for the selling of Panama Canal bonds and the authorization and selling of other bonds and the issuing of certificates of indebtedness, in all, to the amount of \$640,000,000, ample provision is therefore made for taking care of the increased expenditures on account of preparedness by borrowing, and, judging by the past,

I have no doubt but that the full limit of authority to borrow, and more will be resorted to before the convening of the Sixty-fifth Congress.

When the last semiannual exigency revenue bill was under consideration by the House in July, 1915, I took occasion to state that our Democratic friends in my opinion had exhausted the list of known sources usually resorted to for the purpose of raising taxes. The introduction of the pending semiannual revenue bill further confirms that opinion. It brings to light no new subjects of taxation. This bill simply provides a 50 per cent increase of the existing inheritance taxes and an additional income tax on the incomes of corporations and partnerships over and above a stated \$5,000 exemption plus 8 per cent of the invested capital of the corporation or partnership. This additional burdened income is denominated by the bill as "excess profits." By national statute we arbitrarily provide that all incomes of corporations and partnerships exceeding \$5,000 and 8 per cent of the paid-in capital are excessive profits—so excessive and exorbitant as even to shock the conscience of a Democratic Congress, and by a legislative decree they are condemned to the use of the general welfare to be appropriated and used in whole or in part as may best suit the whim and caprice of the Congress. I have been informed that some years ago President Castro of Venezuela, desiring to obtain possession of certain asphalt lands and property then operated by an American company under some concession theretofore granted by that Republic, issued a proclamation of sequestration and under this simple device he took over the much coveted property in the twinkling of an eye, without expense and with the expenditure of but little effort.

Now, we have the spectacle of a Democratic Congress aping the performance of President Castro, and in response to an echo from the Spanish Main proposing by legislative act to sequester all the income of corporations and partnerships in excess of \$5,000 and a certain per cent of paid-in capital by outlawing such gains as "excessive profits" and making them the lawful prey of a starved and famishing Democratic administration. I suppose that the arbitrary judgment of the majority of the Ways and Means Committee as to what constitutes excessive profits is based solely upon the needs of the Democratic administration for additional revenue.

I will not vote for any revenue bill carrying permanent rates of direct taxation until there has first been levied upon imports sufficient duties to adequately protect American industries and thereby protect American labor in conformity to the well-known Republican policy of protection. I shall therefore cast my vote against the pending bill. [Applause on the Republican side.]

Mr. KITCHIN. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I think it is quite clear to any Member of the House that some additional taxation is necessary to meet the imperative needs of the Government at this time, and I am going to vote for this bill because I believe that it is a just bill, an equitable bill, and places the tax burden where it ought to rest. It is always impossible to frame a tax measure that satisfies everybody, and the pending bill will not do that, but I do not believe that any just criticism can be lodged against it. I do not suppose that there has ever been a legislative body in the world where there was a greater display of inconsistency manifested by some of its members than our Republican friends have displayed in their actual voting upon the appropriation bills which have passed through this House and their subsequent mock heroics for economy. In the debate which has been had on this bill they have declaimed loudly concerning extravagant expenditures under the Democratic administration, and yet it is an indisputable fact that an analysis of the votes of this House will show that they have supported the majority of the appropriation bills that have been passed during this administration, and in many cases the records will show that they have tried to load the bills down with additional amounts. In fact, only a few days ago a prominent Republican Member, in the course of the debate on the public-buildings bill, said that one of his policies was to vote for every appropriation bill that came before the House and to vote against all measures to raise revenue. This statement is typical of the attitude of the Republican Party as it is represented in the Congress of the United States to-day. A year ago when we passed the bill reorganizing the standing Army and providing for a federated State militia and when we passed the naval bill, which authorized and appropriated for the greatest naval-construction program in the history of the country, and one which will tax to their limit our naval-construction facilities for several years to come, the Republican Members of the House moved to recommit these bills to their respective committees with instructions to adopt amendments which would have added greatly to their aggregate amount of expenditure.

Æsop in his Book of Fables tells us of a groom that used to spend whole days in currycombing and rubbing down his horse, but at the same time stole his feed. "Alas," said the horse, "if you really wish to see me in good condition, you should groom me less and feed me more." [Laughter and applause on the Democratic side.] If our Republican colleagues really want to see the Treasury of the United States in that good condition which they so often profess, they should feed it more with their votes and groom it less with their idle talk. [Laughter and applause on the Democratic side.]

Go put your creed into your deed
Nor speak with double tongues.

Witness a few examples of their so-called economy as reflected in some of the votes which have been taken on bills in the present session of Congress. When the legislative, executive, and judicial appropriation bill was before the House a rule was brought in to make in order an amendment providing for a horizontal increase in the salaries of Government employees of 10 per cent for those receiving less than \$1,200 per year and of 5 per cent for those receiving not less than \$1,200 per year and not more than \$1,800. There were cast against the rule 75 votes, and only 8 of them were Republican votes, and yet if that amendment is adopted on all the bills—and it looks now that it may be—it will entail an expenditure of many millions of dollars. I voted against the amendment, because I did not believe that the Treasury of the United States was in proper condition to justify these expenditures for these increases at the present time. And, then, on the same bill when the amendment was offered to increase the compensation of secretaries of Members of Congress from \$1,500 to \$2,000 per annum, entailing an additional expenditure of \$220,000, how did these watchdogs of the Treasury vote on that amendment? One hundred and twenty-seven voted for it and 57 against it, while only 58 Democrats voted in favor of it and 111 Democrats voted against it. I voted against it because of the needs for economy in the public expenditures at this time. Now, in the face of your record as manifested by your actual voting, to your plea for economy and your pretense along that line, I would say to you Republican Members:

Do not, as some ungracious pastors do,
Show me the steep and thorny way to heaven;
Whiles, like a puff'd and reckless libertine,
Himself the primrose path of dalliance treads,
And recks not his own read.

[Applause on the Democratic side.]

EXTENSION OF REMARKS.

Now, Mr. Chairman, I see that the time assigned me by Majority Leader Mr. KITCHIN for speaking in behalf of this revenue bill has expired, and so without taking up any further time of the House I will extend my remarks in the RECORD at this juncture, concluding briefly what I have to say. Now, it is well known to the Members of this House, both Democrats and Republicans, that the need for these additional revenues is occasioned by the unusual and unprecedented expenditures for the preparedness measures, namely, for the Army, Navy, and coast fortifications. Were it not for these increases no additional revenue measure would be necessary at all at this time and, as a matter of fact, we could provide for the reduction of some revenue measures that we already have.

In order to make it perfectly clear how largely these appropriations for military and naval purposes have increased within the last two years, I offer the following comparative statement of these appropriations for the fiscal years of 1916 and 1917 and the estimates for 1918. These appropriations for 1918 will be made at this session of Congress, and bid fair to come fully up to the estimates, and it is entirely possible that conditions may arise which will cause them to exceed these estimates before they finally pass both Houses of Congress. Here is the comparative statement which I wish to offer at this time:

Item.	Appropriations, fiscal year ending June 30—		
	1916	1917	1918 ¹
Appropriation bill:			
Army.....	\$101,974,195.87	\$267,596,530.10	\$298,636,011.28
Navy.....	149,661,864.88	313,300,555.84	379,151,701.67
Fortifications.....	6,060,216.90	25,747,550.00	56,999,481.21
Sundry civil—			
Arsenals.....	653,600.00	5,214,395.00	6,435,700.00
Military posts.....	570,924.99	1,727,859.99	8,841,890.23
Supplemental estimates for Army and Navy.....			27,500,000.00
Total.....	258,920,802.64	613,586,890.93	\$ 777,564,784.39

¹ Estimates. ² Does not include any estimates for the Mexican situation.

Thus it will be seen that the appropriations for Army and Navy purposes increased \$354,606,088.29 in 1917 over 1916, or a gain of 136 per cent, and the estimates for 1918, which are to be appropriated for by this Congress are \$163,977,893.46 more than we appropriated for these same purposes at the last session of Congress and \$518,643,981.75 more than for the fiscal year of 1916, or a gain of over 200 per cent over 1916.

And it should be remembered that these enormous appropriations have not only received the sanction of a majority on the Republican side of the House, but, like Alexander the Great, who sighed because there were no more worlds to conquer, they have sighed for still greater appropriations and have criticized Democratic leadership for not adding on more. But Democrats have no fear of that criticism. Under the leadership of our administration a naval building program has been adopted which when completed will unquestionably make the United States the second naval power in the world, and an Army bill has been passed which provides for our national defense on the land.

HOW SHALL THE ADDITIONAL AMOUNT NEEDED BE RAISED?

The Republicans come in here, under the leadership of their members of the Ways and Means Committee, and suggest, as they call it, a return to the "good old days" of the Payne-Aldrich tariff law. Why, gentlemen of this House, the Payne-Aldrich tariff law in the greatest year of its history would lack \$400,000,000 of paying the total cost of the preparedness measures for 1918; yea, it would lack nearly \$200,000,000 of paying just the increases alone in these measures in 1918 over those of 1916.

The Payne-Aldrich tariff law only raised about \$333,000,000 in the greatest year of its history, and the estimated cost for these preparedness measures for 1918 is \$777,564,784.39, as I have shown.

Direct taxes! Of course, we have to have them. No tariff law that could be devised by mortal man would raise enough revenue to meet these enormous expenditures.

Rates that might be designed to do so would be so high that they would shut out importations altogether of articles which are now coming in under a more moderate rate. The Republican side of this House know these facts and are merely resurrecting the old tariff shibboleth to make talk and revive a dying hope.

Their predicament reminds me of a story of an embarrassed youth, who felt called upon to relieve the sudden cessation of conversation which often overtakes the most brilliant social circle. With much confusion the halting and stammering youth turned to the daughter of the hostess, who was not present in the room, and inquired: "Ho-how is yo-your ma? N-not th-that I gi-give a cent, bu-but it makes ta-talk." The Republican Party, without an issue and floundering from pillar to post, in their extremity can think of nothing to talk about save the old and threadbare issue of the tariff.

Its very hoariness with age, will bring a smile to every thoughtful American citizen, and call to mind the familiar lines of Holmes:

I know it is a sin
For me to sit and grin
At him here;
But the old three-cornered hat,
And the breeches and all that,
Are so queer!

The American people repudiated the Republican policy of exorbitant tariff rates in 1910. They did it again in 1912, and again in 1916, and would undoubtedly still do so if the question were further submitted to them. The Democratic policy of a tariff for revenue only has received the ample indorsement of the American people, and our party is fully justified in obeying their mandate.

THE REVENUE PROVISIONS OF THIS BILL ARE JUST AND EQUITABLE.

It has been charged by the opponents of this measure during the debate that the method of raising revenue which it provides is discriminatory and will be sectional in its application. Of course, an examination of the measure by any fair-minded man will disclose that these charges have no foundation in fact.

The principal and only new feature of the bill is that which provides for a tax on excess profits of corporations and partnerships. Now, let us see what taxes are levied by this provision of the bill.

In the first place, every corporation and partnership is allowed to earn \$5,000 profit in each year regardless of the size of its capital stock or amount invested in the business before there is any tax at all. Then, in addition to this exemption of \$5,000, each corporation and partnership is permitted to earn 8 per cent net profit before there is any tax. Therefore, after a corporation or partnership has earned \$5,000 and, in addition to that, 8 per cent net profit on the actual amount of capital invested

in the business in any one fiscal year, then all profits in excess of that are taxed at the rate of 8 per cent. Simply that and nothing more. For instance, a concern with \$100,000 invested in the business would have an exemption of \$5,000, and then would be permitted to earn 8 per cent more, which would be \$8,000, making in all \$13,000, before any taxes would have to be paid. Corporations and partnerships, whether they be located North, East, South, or West, will, of course, have the tax to pay if they come within its provisions. There is no sectionalism in it whatsoever.

If there are more of these excess profits in the East than in any other section of the United States, then that is their good fortune, and I do not see what right they have to complain. If they are making more money than any other section of the country, then they have larger interests to be protected and are better able to pay and ought to have to do it.

I do not see how that proposition can be successfully disputed. Besides that, if it be true that they will pay a larger amount under the terms of this bill than any other section of the country, it is also equally true that the larger part of the expenditures in the construction of the preparedness building program will be spent there and will be returned to them through the regular channels of trade.

From any standpoint I do not see how any successful criticism can be lodged against the excess-profits provision of this bill. It is estimated that it will raise \$226,000,000 for the fiscal year 1918, and that will be sufficient to meet the additional needs of the Government unless unforeseen expenditures arise.

CONCLUSION.

I favor an economical administration of the Federal Government, and my votes in this House will back up my statement absolutely. I do not favor a parsimonious policy, but one of business judgment and efficiency, and I think undoubtedly a great many savings could be effected without impairment of the Government service. Any unnecessary tax is an unjust tax. These, however, are unusual times, and unforeseen conditions prevail. Additional revenue is imperative. How shall we raise it? In these days when the cost of living has mounted so high as to tax the utmost resources of the poor to meet it I think it would be nothing less than criminal to put a tax on consumption by means of increasing the tariff duties.

This revenue bill does not do that, but places the burden on the corporation or partnership, which is enjoying unusual and excess profits. Is that right? I think so, and I gladly cast my vote for it, believing that the ends of justice will thereby be served, and "the foundations of justice are that no one shall be harmed, and, next, that the common weal be served."

Mr. FORDNEY. Mr. Chairman, I have only one more gentleman to speak in general debate, and I yield five minutes to the gentleman from New York [Mr. PLATT].

Mr. PLATT. Mr. Chairman, I was very much interested in various things that the gentleman from Georgia [Mr. HOWARD] spoke of, and especially in his comparison of Georgia with certain of the smaller Northern States; but I notice that he did not mention, when he was talking about the Northern States that had so much population and two Senators, the great State of New York, with 10,000,000 people and only two Senators, a State as large in population as the whole tier of Southern States from South Carolina to Louisiana, and having as many Representatives in this House.

Mr. Chairman, we have had the most remarkable exhibition upon this revenue bill from those in advocacy of it that I think has ever occurred on the floor of this House. It has been brought in here frankly as a scheme for punishing the people who want to protect the country from a possible foreign invasion. It comes from the North Carolina school of pacifists, and its advocates openly declare that it was designed to make the people who have demanded preparedness pay for it—the people of the North—and to exempt as far as possible others; that it was designed to discourage and defeat preparedness. Yet it is a very queer way to accomplish that purpose. You put a tax upon a comparatively small number of people whom you say are able to bear it, and they probably are, but you certainly do not thereby decrease the popularity of preparedness. If you had the courage of your convictions, if the Democratic Party were not a party of cowards, as has already been said; if it believed, as it professes, in a tariff for revenue only; if it had dared to live up to its principle and had put a tariff upon the best revenue-producing articles, as tariff-for-revenue nations do, namely, tea and coffee, you would have gotten a revenue and perhaps might have brought home to all the people the cost of preparedness. But now you are putting a tax upon a few and the rest of the people will not much complain, though I believe nearly all of the people are patriotic and willing to pay what may be necessary to safeguard our liberties.

If, as some of you frankly say, your purpose is to hinder preparedness, it is singular that you have copied your tax bill from the very European countries where militarism is most rampant. If your purpose is to try to hurt preparedness, you will not accomplish it in this way. Your tax, furthermore, is unfair. The excess upon profits tax is a tax on business, a tax which will be charged, to a large extent, back upon the people.

Mr. Bernard Baruch testified in New York the other day that he made \$476,168 in 11 days in selling stocks short and covering on the falling market, and he complained that if he had known about the President's peace message a little earlier he could have made another four or five hundred thousand dollars by covering his sales a little later. Does this bill put a tax of a cent upon him? Not one cent. It taxes business and encourages speculation. It does not tax the man who piles up cotton or wheat or anything else in the warehouse and holds it for a higher price. It encourages that sort of thing. It is a bill to increase the cost of living, to tax business so that the tax can be put back upon the people as a part of the cost of living. That is the way you will find it will work out when you put it on the statute books. [Applause on the Republican side.]

As to the increase in the estates tax, or inheritance tax, I regard the encroachment of the Federal Government upon this source of revenue for the States as wholly unwarranted.

There never was a time, Mr. Chairman, when the question of protection to American industries was more vital to the people of this country than now. When the war in Europe ends everybody knows—most Democrats admit it—that the Underwood tariff will bring disaster upon the country. I believe that the President himself, if he really believed his peace notes and messages would produce any results inside of another year, would be advocating at least some increases in the tariff, increases that would afford some increase of protection and a considerable increase in revenue. But this bill is an evidence of how blind the Democratic Party still is to the real needs of the country and how necessary the restoration of the Republican Party is to real safety and prosperity for our industries and our citizens.

Mr. KITCHIN. Mr. Chairman, I yield three minutes to the gentleman from Arkansas [Mr. CARAWAY].

Mr. CARAWAY. Mr. Chairman and gentlemen of the committee, the gentleman from Ohio, Dr. FESS, made a statement a minute ago upon the floor of this House that he received a larger Republican majority in his district in the election last November than there were votes cast in my State at that election. I have heard something of the manner of voting in Ohio. I remember to have read something about Adams County in that State [laughter], and if the gentleman's statement is true, and he certainly with a title could not afford to make a statement that was not true, then he got more votes in his district than he has men and women, black and white. If that is the way you count your majorities in Ohio, you certainly ought to be returned to this House. There is not, however, any sense in making a statement of that kind. He gets no credit for a statement of that kind, even with his friends, for they certainly know that it is incorrect. However their voting may be in his State and their count I do not know, but I do know that he has no such majority as that.

Mr. EMERSON. Mr. Chairman, why, the Democrats did not have nerve enough to nominate anybody against him.

Mr. CARAWAY. Oh, I understand; perhaps it is the ignorant vote that the gentleman complained of in the State of Ohio. I presume that he was referring to the same class of people he mentioned when he made a statement, as I have heard he did, that in the District of Columbia he was unwilling to have a referendum because the District of Columbia contained 120,000 illiterate, ignorant negroes, and I understand his district contains about the same number.

Mr. FESS. Will the gentleman yield there?

Mr. CARAWAY. Yes.

Mr. FESS. That statement is not true.

Mr. CARAWAY. Did not the gentleman make that statement?

Mr. FESS. I did not.

Mr. CARAWAY. Or anything like it?

Mr. FESS. No, sir; nor anything like it.

Mr. CARAWAY. Where did the gentleman make the speech that he was against a referendum—

Mr. FESS. I have made none.

Mr. CARAWAY. None at all?

Mr. FESS. No, sir.

Mr. CARAWAY. Well, I shall wait until another witness is called, because, after the gentleman's reckless statement of the majority he received, I fear to accept any other statement he shall make.

Mr. FORDNEY. I yield two minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Chairman, I regret that my friend has intimated that I made a statement that I did not make, because I do not want to be put in the position of categorically denying a statement that would seem to be discourteous to him, but I made no such statement as that about the referendum or about the negro vote, but, on the other hand, I am very exacting in the statement that such a statement that I would not submit to a referendum because of the colored vote is as far as possible from my meaning and also from all that I have said or ever done. Should I judge from what I know of the colored man I would not hesitate to leave the temperance issue with him. Now, in regard to the vote. The vote in the seven districts in Arkansas, according to this almanac of 1916, for Congressmen is 37,262.

Mr. CARAWAY. From the whole seven districts?

Mr. FESS. Yes.

Mr. CARAWAY. The gentleman has not got a statement of that kind.

Mr. FESS. Yes, sir; in this book.

Mr. CARAWAY. It must have been published in Ohio.

Mr. FESS. The gentleman can not get away with a thing like that.

Mr. CARAWAY. I can get away with whoever says that is the truth, because it is absolutely not telling the truth because more votes than that were cast in some districts of the State—

A MEMBER. What districts?

Mr. FESS. There are seven districts with 37,262 votes recorded for the Democratic candidate in the seven districts and only a little over 5,000 for all candidates other than a Democrat, and now—wait a minute—in my district, the seventh Ohio, my majority was 37,128, and there were two other candidates, a Socialist as well as a Democrat.

Mr. CARAWAY. It makes no difference who said that; that statement is absolutely not true, even if it is in a book.

Mr. FESS. It is here—

Mr. CARAWAY. I do not care.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FESS. Just a moment. I would not make a statement that would be unkind—

Mr. FORDNEY. I yield the gentleman one minute additional.

Mr. FESS. It has been stated that my majority was because I had no opposition.

Mr. GORDON. From a Democrat.

Mr. FESS. I had a Democratic candidate and I had a Socialist candidate against me.

Mr. GORDON. Who put up the Democratic candidate?

Mr. FESS. I suppose the gentleman's party did; I did not.

Mr. GORDON. He was not nominated.

Mr. FESS. But he came from my own county seat of Xenia. I know more about it than the gentleman. [Laughter and applause on the Republican side.] The facts are—Mr. Chairman, I would like to say this: There is not any group of people that I think more of personally than the group that sit on that side of the Chamber. [Applause.] I say that positively and sincerely; but when we come to discuss issues and men jump up and interrupt me I am pretty apt to do like the gentleman from North Carolina, I hit back; but I aim to do so within the limits of the facts. Now, these figures I gave are from the World Almanac, which I sent for, and I repeat them. The seven districts in that State cast but 37,262 votes, according to this book of 1916, while my majority was 37,128. Let it stand at that. [Applause on the Republican side.]

Mr. KITCHIN. Mr. Chairman, I suppose the difference between the gentleman from Ohio and the gentleman from Arkansas is that the gentleman from Ohio is referring to the general election and the gentleman from Arkansas thinks he is referring to the primaries.

Mr. CARAWAY. Will the gentleman yield to me? I will say that in the regular vote in 1916 there were nearly 200,000 votes cast in the congressional election.

Mr. KITCHIN. In the primary?

Mr. CARAWAY. In the general election this last November, and I can get the certificate.

Mr. FESS. Mr. Chairman—

Mr. CARAWAY. There is no use to argue. I got 21,000 votes in my own district.

Mr. KITCHIN. I suggest they put it in the RECORD to-morrow.

Mr. FESS. The 1917 almanac which has just been handed me gives your vote at 21,000. This 1916 copy is the one that I have, and it gives the vote: (1) CARAWAY, 4,806; (2) OLDFIELD, 5,253; (3) TILLMAN, 7,588; (4) WINGO, 5,166; (5) JACOWAY, 5,586; (6) TAYLOR, 4,110; (7) GOODWIN, 4,756.

Mr. CARAWAY. Now, what is the rest of that? Will not the gentleman be fair enough to correct his own statement?

Mr. FESS. I will. This 1917 copy which I now have says, "CARAWAY, 21,000; OLDFIELD, 17,000."

Mr. CARAWAY. And what was his opposition vote?

Mr. FESS. Sixteen thousand.

Mr. CARAWAY. That made considerably over 30,000.

Mr. FESS. The 1916 almanac, the one I had—not having examined the 1917 almanac—gives it as I gave it to you. I see it refers to the election of 1914 instead of 1916.

Mr. CARAWAY. Whoever published that other was as inaccurate as any statement you made about your majority. The gentleman admits now his statement was wrong.

Mr. FESS. I admit I was wrong as to the election of 1916, due to my having the wrong book.

Mr. KITCHIN. I understand the gentleman from Michigan [Mr. FORDNEY] has consumed all of his time.

Mr. FORDNEY. In general debate.

Mr. KITCHIN. In general debate. I have remaining about 25 minutes, and I will take that to-morrow morning, I believe. I now move that the committee rise.

The motion was agreed to.

The committee accordingly rose; and the Speaker having resumed the chair, Mr. SHERLEY, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 20573, the revenue bill, and had come to no resolution thereon.

EXTENSION OF REMARKS.

Mr. COLEMAN. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a speech delivered by Representative WILLIAM R. WOOD, of Indiana, before the Pittsburgh Tariff Club on Monday of this week on the subject "William McKinley."

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD by printing a speech made by the gentleman from Indiana [Mr. WOOD] at Pittsburgh recently on the life and character of William McKinley. Is there objection? [After a pause.] The Chair hears none.

Mr. MORIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an article on the question of educating the alien.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD by inserting an article as to education of aliens. Is there objection? [After a pause.] The Chair hears none.

ENROLLED BILLS SIGNED.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 20209. An act to amend section 276 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; and

H. R. 217. An act to authorize the sale of school property in the city of Denver, Colo., and for other purposes.

SENATE JOINT RESOLUTION AND BILL REFERRED.

Under clause 2 of Rule XXIV, Senate joint resolution and bill of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. J. Res. 198. Joint resolution providing for the confirmation of the agreements between the States of South Dakota, Montana, and Idaho and the United States relating to the selection of lieu or indemnity lands; to the Committee on the Public Lands.

S. 7561. An act to amend an act entitled "An act for the erection of United States prisons and for the imprisonment of United States prisoners, and for other purposes," to fix the terms of office of the superintendent of prisons, the wardens, and the deputy wardens, to provide for their appointment, and for other purposes; to the Committee on the Judiciary.

HOOR OF MEETING TO-MORROW.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow. Is there objection? [After a pause.] The Chair hears none.

ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 59 minutes p. m.) the House, under its previous order, adjourned until to-morrow, Thursday, February 1, 1917, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. CARAWAY, from the Committee on the Judiciary, to which was referred the bill (S. 7644) to create a new division of the northern judicial district of Texas and to provide for terms of court at Wichita Falls, Tex., and for a clerk for said court, and for other purposes, reported the same without amendment, accompanied by a report (No. 1394), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. TIMBERLAKE, from the Committee on the Public Lands, to which was referred the bill (H. R. 18825) to amend an act entitled "An act making appropriations to supply deficiencies in appropriations for the fiscal year 1915 and for prior years, and for other purposes," reported the same with amendment, accompanied by a report (No. 1395), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. HAYDEN, from the Committee on the Public Lands, to which was referred the bill (H. R. 19781) relating to the temporary filling of vacancies occurring in the offices of register and receiver of district land offices, reported the same with amendment, accompanied by a report (No. 1396), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. SMITH of Texas, from the Committee on Irrigation of Arid Lands, to which was referred the bill (H. R. 17743) authorizing Anton Hiersche to select other land in lieu of land now owned by him, required for reclamation purposes, reported the same without amendment, accompanied by a report (No. 1393), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 5938) granting an increase of pension to William Wells, and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CHURCH: A bill (H. R. 20658) granting consent to the county of Madera, Cal., and its successors and assigns, the right to divert the waters of the San Joaquin, Fresno, and Chowchilla Rivers; to the Committee on Rivers and Harbors.

By Mr. SMITH of Texas: A bill (H. R. 20659) for the aid of commissioned officers of the Medical Reserve Corps and of officers of Reserve Corps; to the Committee on Military Affairs.

By Mr. MOON: A bill (H. R. 20660) authorizing the Postmaster General to increase prices for certain supplies to conform to abnormal market conditions; to the Committee on the Post Office and Post Roads.

By Mr. GLASS: A bill (H. R. 20661) to amend the act approved December 23, 1913, known as the Federal Reserve Act, as amended by the acts of August 4, 1914, August 15, 1914, March 3, 1915, and September 7, 1916; to the Committee on Banking and Currency.

By Mr. CARY: A bill (H. R. 20662) providing for an advisory referendum by the people of the District of Columbia on certain questions relating to municipal self-government and representation in Congress; to the Committee on the District of Columbia.

By Mr. ANTHONY: Resolution (H. Res. 482) requesting the Secretary of War for certain information with reference to attack on American troops at Carrizal; to the Committee on Military Affairs.

By Mr. NOLAN: Memorial of the Legislature of California petitioning action by Congress legalizing claims of locators in oil regions in California; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHARLES: A bill (H. R. 20663) granting an increase of pension to Daniel C. Hewitt; to the Committee on Invalid Pensions.

By Mr. DILL: A bill (H. R. 20664) for the relief of Albert J. Weber; to the Committee on Claims.

By Mr. ESCH: A bill (H. R. 20665) granting an increase of pension to Jesse Mather; to the Committee on Invalid Pensions.

By Mr. FIELDS: A bill (H. R. 20666) granting a pension to Gabriel S. Henderson; to the Committee on Pensions.

By Mr. FLOOD: A bill (H. R. 20667) granting a pension to Mrs. Emma K. Brockman, widow of John Brockman; to the Committee on Pensions.

By Mr. FREEMAN: A bill (H. R. 20668) granting an increase of pension to Mary Ann Wilson; to the Committee on Invalid Pensions.

By Mr. HASTINGS: A bill (H. R. 20669) granting an increase of pension to James C. Rutherford; to the Committee on Invalid Pensions.

By Mr. LIEBEL: A bill (H. R. 20670) for the relief of the officers and enlisted men of McLane's Pennsylvania Regiment and their widows and children; to the Committee on Military Affairs.

Also, a bill (H. R. 20671) granting a pension to Nellie R. Pearce; to the Committee on Pensions.

Also, a bill (H. R. 20672) granting a pension to Marinda Maynard; to the Committee on Invalid Pensions.

By Mr. McARTHUR: A bill (H. R. 20673) granting an increase of pension to Robert H. Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20674) granting a pension to Theodore Hansen; to the Committee on Pensions.

By Mr. McCracken: A bill (H. R. 20675) for the relief of Jacob Mull; to the Committee on Military Affairs.

By Mr. MORRISON: A bill (H. R. 20676) granting an increase of pension to Oren M. Harlan; to the Committee on Invalid Pensions.

By Mr. NORTH: A bill (H. R. 20677) granting an increase of pension to Ananias Wonders; to the Committee on Invalid Pensions.

By Mr. PRATT: A bill (H. R. 20678) granting an increase of pension to William B. Porter; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 20679) granting an increase of pension to Michael Dial; to the Committee on Invalid Pensions.

By Mr. SCHALL (by request): A bill (H. R. 20680) conferring jurisdiction on the Court of Claims to hear and determine all claims against the United States for sums alleged to be due to the descendants of the Eastern or Emigrant Band of Cherokee Indians and to render judgment therein; to the Committee on Indian Affairs.

By Mr. TAGGART: A bill (H. R. 20681) granting an increase of pension to Susan St. John; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20682) granting an increase of pension to Jesse G. Layton; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H. R. 20683) granting a pension to Richard R. Hill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 20684) granting a pension to Edgar Norton; to the Committee on Pensions.

By Mr. VAN DYKE: A bill (H. R. 20685) for the relief of Vincent M. McKinnon; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. BROWNE: Petition of railway mail clerks, post-office clerks, letter carriers, and rural delivery clerks of Marshfield, Wis., asking for increased pay; to the Committee on the Post Office and Post Roads.

By Mr. CARY: Petition of Frank W. Treis, jr., and sundry citizens of Milwaukee, Wis., protesting against the passage of the Bankhead-Randall bills; to the Committee on the Post Office and Post Roads.

By Mr. DALE of New York: Petition of Massachusetts State Board of Trade, favoring increase of membership of Interstate Commerce Commission and the extension of its powers; to the Committee on Interstate and Foreign Commerce.

Also, petition of Abe Stein & Co., of New York, protesting against the proposed tax on profits above 8 per cent; to the Committee on Ways and Means.

Also, petition of Mrs. Kate E. Jacobson, member of National Probation Association of Hackensack, N. J., favoring Senate bill 1092 and House bill 42 to establish a probation system in the United States courts; to the Committee on the Judiciary.

Also, petition of Anne Delia Melvin, juvenile probation officer, Hartford, Conn., favoring Senate bill 1092 and House bill 42 to establish a probation system in the United States courts; to the Committee on the Judiciary.

Also, petition of Frank L. Graves, probation officer, of Brooklyn, N. Y., favoring Senate bill 1092 and House bill 42 to establish a probation system in the United States courts; to the Committee on the Judiciary.

By Mr. DOOLING: Petition of National Educators' Conservation Society, protesting against the water-power bills now before Congress; to the Committee on Interstate and Foreign Commerce.

Also, petition of the New York Churchman's Association, of New York, protesting against the attitude of the Imperial German Government toward Belgium; to the Committee on Foreign Affairs.

By Mr. DOWELL: Petition of Friends' Church of Indianola, Iowa, and United Presbyterian prayer meeting of Indianola, Iowa, favoring national constitutional prohibition; to the Committee on the Judiciary.

By Mr. EAGAN: Petitions of Mrs. H. S. Palmer, Glen Ridge; H. St. J. Weed, East Orange; Ernest Napier, secretary of National Association of Game and Fish Commissioners, East Orange; and Katherine W. Bolles, East Orange, all in the State of New Jersey; William Sumner Appleton, Boston, Mass.; and W. P. Wright, Penns Grove, N. J.; all favoring the passage of House bill 20080, known as the migratory-bird treaty act; to the Committee on Foreign Affairs.

By Mr. ESCH: Petition of National Educators' Conservation Society, New York, protesting against the Shields-Adamson and Ferris-Myers water-power bills; to the Committee on Interstate and Foreign Commerce.

Also, petition of Brotherhood of Maintenance-of-Way Employees, American railways; to the Committee on Interstate and Foreign Commerce.

By Mr. FULLER: Petition of Amos Churchill, of Santa Monica, Cal., favoring the passage of House bill 14428 to increase pensions of maimed soldiers of the Civil War; to the Committee on Invalid Pensions.

Also, petition of the Ottawa (Ill.) Banking & Trust Co., protesting against the proposed tax on profits; to the Committee on Ways and Means.

By Mr. GALLIVAN: Petition of Massachusetts State Board of Trade, favoring increase of membership of Interstate Commerce Commission and extension of its powers; to the Committee on Interstate and Foreign Commerce.

Also, petition of sundry citizens of Suffolk, Mass., protesting against prohibition legislation; to the Committee on the Judiciary.

By Mr. HAWLEY: Petition of Woman's Christian Temperance Union, Shedd's; the Ladies' Society, Eugene; and the Congregational Woman's Missionary Society, Corvallis, all in the State of Oregon, favoring national prohibition amendment to the Constitution; to the Committee on Rules.

By Mr. HICKS: Petition of sundry citizens of Islip, Suffolk County, N. Y., favoring national constitutional prohibition amendment; to the Committee on the Judiciary.

By Mr. HILLIARD: Petition of John Collin Methodist Episcopal Church, the North Denver Seventh-day Adventist Sabbath School, Broadway Baptist Church, and North Congregational Church, all of Denver, Colo., favoring the national constitutional prohibition amendment; to the Committee on the Judiciary.

By Mr. HOLLINGSWORTH: Memorial of Colerain Farmers' Institute, Belmont County, Ohio, against military training in the schools of the United States; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: Petition of citizens of Puyallup, Wash., favoring exclusion of liquor advertising from the mails; to the Committee on the Post Office and Post Roads.

Also, petition of citizens of South Bend, Wash., favoring national constitutional prohibition; to the Committee on the Judiciary.

By Mr. LIEBEL: Papers to accompany House bill 20672, granting a pension to Marinda Maynard; to the Committee on Invalid Pensions.

Also, papers to accompany House bill 20671, granting a pension to Nellie R. Pearce; to the Committee on Invalid Pensions.

Also, papers to accompany House bill 20670, for the relief of the survivors of McLane's Pennsylvania Regiment and their widows and children; to the Committee on Military Affairs.

By Mr. MORIN: Petition of the Massachusetts State Board of Trade, of Boston, Mass., with reference to Federal regulation of railway rates, etc.; to the Committee on Interstate and Foreign Commerce.

Also, petition of Mr. John H. Duxbury, legislative representative of Three Brothers' Lodge, No. 235, of Pittsburgh, Pa., with reference to food embargo; to the Committee on Interstate and Foreign Commerce.

By Mr. PAIGE of Massachusetts: Petition of the First Baptist Church, First Congregational Church, and Congregational Christian Endeavor Society, all of West Boylston, Mass., favoring national constitutional prohibition; to the Committee on the Judiciary.

By Mr. PRATT: Petition of Rev. H. Clay Milliman, B. S. Thompson, and sundry other citizens of Addison, N. Y.; favoring a prohibition amendment to the Constitution of the United States; to the Committee on the Judiciary.

Also, petition of Young Men's Bible Class of the State Street Methodist Episcopal Church, of Ithaca, N. Y., favoring prohibition; to the Committee on the Judiciary.

By Mr. ROWE: Petition of William H. Hanna, of Brooklyn, N. Y., protesting against the passage of House bill 18986, Senate bills 4429 and 1082, House joint resolution 84, and House bill 17850; to the Committee on the Judiciary.

Also, petition of A. Emerson Palmer, secretary of the Board of Education, New York City, favoring appropriation by Congress of \$50,000 for the education of alien citizens of this country; to the Committee on Appropriations.

Also, petition of Isaac Cortelyou, secretary of Brooklyn Board of Real Estate Brokers, Brooklyn, N. Y., opposing placing of a Federal tax on real-estate mortgages; to the Committee on Ways and Means.

Also, petition of State Fish, Game, and Forest League of New York, favoring the enactment of a Federal game law which shall permit the promulgation of regulations fixing uniform bag limits and prohibiting the sale of domestic game throughout the United States, and favoring the passage by Congress of a proper and suitable enabling act to give effect to the treaty recently perfected between the Governments of the United States and Great Britain and an appropriation of \$500,000 to enforce said law; to the Committee on Foreign Affairs.

By Mr. SMITH of Michigan: Petition of G. D. Fuller, of Kalamazoo, Mich., protesting against Federal revenue tax on corporate earnings; to the Committee on Ways and Means.

By Mr. SNELL: Petition of Daniel A. Ferguson, stated clerk of the Presbytery of St. Lawrence, representing the Presbyterian constituency of St. Lawrence and Jefferson Counties, expressing the desire of its members that the sale of intoxicating liquors as a beverage shall be prohibited in Washington, D. C.; to the Committee on the District of Columbia.

By Mr. TAGUE: Petition of the Massachusetts State Board of Trade, favoring increase of membership of Interstate Commerce Commission and the extension of its powers; to the Committee on Interstate and Foreign Commerce.

By Mr. TILSON: Petition of Massachusetts State Board of Trade, favoring House bill 19779, permitting the New York, New Haven & Hartford Railroad Co. to retain control of its steamship lines; to the Committee on Interstate and Foreign Commerce.

By Mr. WILLIAMS of Ohio: Petition of the B. F. Goodrich Co., of Akron, Ohio, protesting against the enactment of 8 per cent income tax on corporations as proposed by the revenue bill; to the Committee on Ways and Means.

SENATE.

THURSDAY, February 1, 1917.

(Legislative day of Wednesday, January 31, 1917.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

GOVERNMENT OF PORTO RICO.

Mr. SHAFROTH. Mr. President, I move that the bill (H. R. 9533) to provide a civil government for Porto Rico, and for other purposes, be made the special order for to-night at 8 o'clock. I first ask unanimous consent that this may be done.

Mr. SMOOT. Mr. President, all I have to say is—to repeat what I said yesterday—that if the order is made, as soon as the unfinished business is laid before the Senate to-night I shall object to its being laid aside. I will say to the Senator again there is no need of night sessions at this time. If appropriation bills are presented here, there will be no disposition